

SENATE

FRIDAY, FEBRUARY 3, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

The message also announced that the House had passed the bill (S. 2200) to authorize the presentation of a medal of honor posthumously to the late Henry Clay Drexler and the late George Robert Cholister, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 698. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the grade of assistant paymaster, with the rank of lieutenant (junior grade) in the Supply Corps, United States Navy;

H. R. 913. An act for the relief of Charles W. Sumner;

H. R. 1709. An act for the relief of Burton Bowen;

H. R. 1710. An act for the relief of Raymond C. Bogart;

H. R. 3626. An act for the relief of John I. Lowe;

H. R. 3905. An act for the relief of Maj. L. D. Worsham;

H. R. 5989. An act for the relief of John O'Neil;

H. R. 7200. An act for the relief of William Chinsky;

H. R. 7593. An act for the relief of Louis Zagata;

H. R. 7687. An act for the relief of W. B. Ford;

H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.;

H. R. 8800. An act for the relief of Laura J. Clarke;

H. R. 9166. An act for the relief of William E. B. Grant;

H. R. 9272. An act to correct the rating of John Huntz Roloff, Fleet Naval Reserve;

H. R. 9473. An act for the relief of Olen H. Parker; and

H. R. 9955. An act for the relief of Lucius K. Osterhout.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

HERBERT G. BLACK AND CLARK COAL CO.

The PRESIDENT pro tempore laid before the Senate the amendments of the House to the bill (S. 487) for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner, which were, on page 2, line 11, after "admiralty," to insert "under the terms and conditions of the public vessels act of March 3, 1925 (U. S. C., title 46, ch. 22)," and on page 2, line 16, after "States," to insert "district attorney."

Mr. WHITE. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of February 1 and 2, 1933.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order will be entered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Russell
Austin	Davis	Kendrick	Schall
Bankhead	Dickinson	Keyes	Schuyler
Barbour	Dill	King	Sheppard
Barkley	Fess	La Follette	Shipstead
Bingham	Fletcher	Lewis	Smith
Black	Frazier	Logan	Smoot
Blaine	George	McGill	Steiwer
Borah	Glass	McKellar	Swanson
Bratton	Glenn	McNary	Thomas, Idaho
Brookhart	Goldsborough	Metcalf	Thomas, Okla.
Bulkley	Gore	Moses	Townsend
Bulow	Grammer	Neely	Trammell
Byrnes	Hale	Norbeck	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hastings	Nye	Wagner
Connally	Hatfield	Oddie	Walcott
Coolidge	Hawes	Pittman	Walsh, Mass.
Copeland	Hayden	Reed	Walsh, Mont.
Costigan	Hebert	Reynolds	Watson
Couzens	Hull	Robinson, Ark.	Wheeler
Cutting	Johnson	Robinson, Ind.	White

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent on official business of the Senate. I ask that this announcement may stand for the day.

Mr. FESS. I desire to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate because of a death in his family. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On February 1, 1933:

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball; and S. 563. An act for the relief of George T. Johnson & Sons.

On February 2, 1933:

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins.

SENATOR FROM MISSOURI—BENNETT C. CLARK

The PRESIDENT pro tempore. The Chair lays before the Senate the following communication from the Governor of the State of Missouri, which will be read:

The Chief Clerk read as follows:

[Telegram]

JEFFERSON CITY, Mo., February 3, 1933.

Vice President CHARLES CURTIS:

I have this day appointed Hon. BENNETT C. CLARK United States Senator from Missouri to fill the vacancy caused by the resignation of Senator Harry B. Hawes, and certificate of appointment has been mailed to Mr. CLARK.

GUY B. PARK, Governor.

Mr. ROBINSON of Arkansas. Mr. President, Mr. CLARK is present and ready to take the oath of office. I ask unanimous consent that he be permitted to take the oath.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator designate will present himself at the desk to receive the oath of office.

Mr. CLARK, escorted by Mr. ROBINSON of Arkansas, advanced to the Vice President's desk; and the oath prescribed by law having been administered to him, he took his seat in the Senate.

HON. HARRY B. HAWES

Mr. ROBINSON of Arkansas. Mr. President, former Senator Harry B. Hawes, of Missouri, resigned his seat in this body effective this day. He has served with distinction and notable ability. Former Senator Hawes enjoys the respect, the confidence, and the affection of those who have labored with him in the Congress. His retirement is regretted by every Senator.

The Senate has just received into its Membership a brilliant successor to Mr. Hawes. Mr. CLARK was elected by a very large majority for the full term beginning on the 4th of March, Senator Hawes having announced his intention not to be a candidate and having refrained from becoming a candidate.

Mr. CLARK's name is associated with the legislative history of the country in a very intimate way. His distinguished father was for many years the leader of his party in the House of Representatives and for several years also Speaker, presiding over that great body. His renown, his courage, his ability are within the memory of all who had the honor of being familiar with his labors.

The new Senator from Missouri, Senator CLARK, is familiar with political problems, is a skilled parliamentarian and an able speaker, and is to be welcomed into the Membership of this body as one who will prove his devotion to the welfare of the Nation.

Mr. McNARY. Mr. President, I can not let this occasion pass without expressing my very high regard and sincere affection for Senator Hawes, who has just relinquished his seat in the Senate. I have served with him on committees of the Senate and on the floor, and all his public service has been characterized by consideration for his colleagues and studious reflection upon the problems before the country and the Senate. It is with deep regret that I witness his voluntary retirement from the Senate; and when I say that his departure is a loss to this body, I am sure that feeling is shared by every Republican Member of the Senate.

Mr. PITTMAN. Mr. President, I have had the honor and pleasure of serving on several committees with ex-Senator Harry B. Hawes, and I have found that he has given not only great service on those committees but extraordinarily able service. He is a man of deep feeling, of broad sympathies. During his whole life, from his earliest manhood, both in his activities in State and in the Congress, he has been really working for the interests of others rather than his own interest. It is this particular characteristic of Senator Hawes that has won for him the affection of those who have known him, and when he leaves us he will be seriously missed in this body, not only because of the services he has rendered but because of the warm friendships that he has made with all its Members.

I watched his work particularly with regard to the bill providing for the freedom of the Philippines. I know that he was actuated by the very highest motives of humanity not only toward those people but toward our own people in bringing about the enactment of that great compromise legislation. I saw him summer before last in the Philippine Islands, to which he went at his own expense for the purpose of studying the conditions which it was essential to know in order to frame proper legislation, and never once in all the time that legislation was being framed did he vary from the principle of justice which has marked his whole career.

I know, as I think all know, that he could have remained in the Senate of the United States probably indefinitely if he had seen fit to do so. His services to his own State have been recognized and are now recognized. I am satisfied, for instance, that the brilliant Senator who has taken

his place would have never been a candidate against Senator Hawes. Nor do I believe that he would have had opposition in his own party had he seen fit to aspire to continue to represent his State in the Senate. He has served his public life, and yet he is now giving the remainder of his life to a quasi-public service. He loves human beings; he loves animal life; he loves all forms of life; and now he is devoting the remainder of his years to the conservation, preservation, and protection of the wild life of our country. He loves the stars, he loves the birds, he loves dogs and other animals. He believes that in their lives they are entitled to have protection the same as are human beings, and he will continue his great work in their behalf. It is fortunate that in doing so he and his charming family will not be so far away from us and that they will probably spend most of their time here in Washington.

I know that he would welcome an opportunity to express his appreciation of the courtesy and kindness he has received at the hands of Members of the Senate here, but parliamentary rules forbid; he has voluntarily ended a long and singularly successful public career. We wish him a long and happy life.

Mr. BINGHAM. Mr. President, as chairman of the committee that had in charge the bill for Philippine independence, whose author and whose pilot through the stormy seas of opposition was Senator Hawes, I should like to take this opportunity to place in the RECORD a brief tribute, from the heart, to his faithful service on that committee. He devoted a very large part of the last few years to a study of the question of Philippine independence. He pressed it with unfailing zeal, sincere courtesy, and a willingness to meet widely varying views. Had it not been for the spirit he showed in the handling of the entire matter, I think I can say without fear of contradiction that the step recently taken by the Congress would have not been taken. When the day comes that the people of the Philippine Islands achieve their fond hope and expectation of independence, it should be recognized by them that to no other person do they owe their independence in greater—or even equal—measure than to Senator Hawes, of Missouri. A gentleman, a scholar, a statesman, a faithful Member of this body, he leaves it with the regret of all his colleagues.

Mr. COPELAND. Mr. President, in view of the fact that we recently had a more or less bitter contest in this body over the Philippine independence bill, I wish to say a word regarding Senator Hawes. It so happens that I was the only Democrat to vote to sustain the President in his veto of the measure, not because of the reason he presented but because of my belief that the act was unconstitutional. Yet because I did that there may be some propriety in my speaking a word regarding Senator Hawes, the chief advocate of the measure.

I wish to say that I have never come in contact with a more kindly, sweet-natured man than Mr. Hawes, or one with a more lovable disposition. In spite of the bitterness of our debate on the Philippine question, I found him fair and just and considerate. There were many times when he was out of patience with me, I dare say, but he never indicated, in his personal contacts or in his public utterances, anything but the deepest consideration for me.

I wish to say to the people of the Philippine Islands that regardless of my attitude toward the Philippine bill, I want every friend I have in those islands as well as here to know that I regard Mr. Hawes as a man of the highest character and integrity. There was no selfishness in his attitude. He did what he did through a profound conviction that this was the time for action on the part of Congress and that the bill sponsored by him was the best that could be had. I regard Mr. Hawes as a true friend of the Filipinos, and if I can say a single word to give assurance to those people of the loftiness of his character, I desire to do it.

On the personal side, Mr. President, I desire to testify to the brotherliness, the kindness, and the sweetness of character of our friend. The fact that he would resign his high office in order that his successor might have a month

of experience is typical of the man; it is exactly what I should expect from Harry Hawes. He will go out from this Chamber with the respect, the admiration, and the affection of every Member of this body.

Mr. NORBECK. Mr. President, I think Senator Harry B. Hawes is one of the Senators who puts his country above his party. He is on equally intimate terms with the Republicans and the Democrats. He enjoys their good will and, therefore, has been in position to accomplish things that otherwise would have been impossible.

His love and loyalty for his State of Missouri is forcibly brought to our attention by the unusual proceeding of resigning for the purpose of giving his successor certain important advantages.

It is admitted by all that the success of the Philippine independence bill was largely due to the tact, perseverance, discretion, and patience of Senator Hawes. The Filipinos are happy now, but it is quite possible that the responsibility that comes with independence will bring them to regret the change for which they have so loudly clamored. But from the standpoint of an American citizen, I think it was a good measure, and the Senator from Missouri is entitled to great credit. This country is large, and we have all the trouble we can handle at home. We do not need to go across the sea to find it.

Mr. President, my contacts with Senator Hawes have been more particularly in connection with conservation measures. I found in him an intense and quiet interest in the preservation of all the good things the Creator gave us. He loves nature, enjoys the beautiful scenery, and is always the defender of wild life, which is threatened with extermination, and he has methods of obtaining results.

My associations with the Senator have been both pleasant and profitable. The Committee on Wild Life, of which we are both members, have from him obtained a broader understanding of the problem and a greater interest in its objectives. He was always tolerant, and yet he had unusual ability in promoting conservation measures.

Mr. FESS. Mr. President, there are few Senators with whom I have had a more intimate acquaintance than with the retiring Senator from Missouri, and there are few whose friendship I more appreciate.

I first met him when we both were Members of the House of Representatives. I was there when he came, but his coming was heralded even before he reached the House. I was in intimate association with him and learned very soon to observe that while he was quite intense in his partisanship, it never extended beyond the point where he could not appreciate the viewpoint and sentiments of his opponents. When he came to the Senate, and especially in his service on the Committee on Interstate Commerce, I noticed his broadmindedness as we sat on opposite sides of the table and considered the various complicated and controverted subjects that came before that committee.

I did not rise to say that, however. What impresses me is the sharp contrast between the man who finds public life a disappointment and the man who goes out of public office of his own choice, happy in his associations with all of his colleagues and appreciated by all who know him, so that instead of being the subject of attack, as is the fate of most public servants, and becoming disappointed in that he did not appreciate public life as he had expected to, or was not appreciated by the public, he goes out with love and affection not only in the hearts of his colleagues but commendation on their lips as well.

I have scanned the lives of the men in this body and the other body in our past history, and I have noticed how many of them have a complaint at the end of their service. For example, I read the recollections of public life of 40 years of a great statesman from my own State, and almost the entire content of the volume is expression of disappointment all along the line, until it would seem that to some people public life is a series of disappointing occurrences.

Here, however, is a case where a great representative in this body voluntarily retires with a summation of work that

meets the admiration of all of his friends; and I wish to congratulate him as he is going away from this body with that feeling and with that testimony, because it is universal.

The PRESIDENT pro tempore. To all of which the Chair, speaking in his capacity as a Senator and employing the language used yesterday by the Senator from Arkansas [Mr. ROBINSON], says, "Amen."

CHANGE OF DATE OF INAUGURATION

The PRESIDENT pro tempore laid before the Senate a letter from the Governor of Georgia, transmitting certified copy of a joint resolution adopted by the General Assembly of the State of Georgia ratifying and approving a proposed amendment to the Constitution of the United States, which, with the accompanying resolution, was ordered to lie on the table and to be printed in the RECORD, as follows:

EXECUTIVE DEPARTMENT,
Atlanta, February 1, 1933.

HON. GEO. H. MOSES,

President pro tempore United States Senate,

Washington, D. C.

DEAR SIR: In accordance with the Joint Resolution No. 10, adopted by the General Assembly of Georgia on January 23, 1933, I am inclosing herewith copy of said resolution for presentation to your body.

I am also forwarding copy of this resolution to the Secretary of State, and also Speaker of the House of Representatives.

Respectfully,

EUGENE TALMADGE, Governor.

A joint resolution of the General Assembly of the State of Georgia ratifying and approving the proposed amendment to the Constitution of the United States relative to fixing the commencement of the terms of the President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress

Whereas the Congress of the United States has, under the sixth article of the Constitution of the United States, proposed an amendment to the Constitution in the following words, to wit:

"JOINT RESOLUTION

"Proposing an amendment to the Constitution of the United States

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall, by law, appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may, by law, provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

Therefore be it

Resolved by the Senate and the House of Representatives of the State of Georgia in general assembly met, That the said amendment of the Constitution of the United States be, and the same is hereby, ratified and adopted; be it further

Resolved, That a certified copy of the foregoing preamble and resolution be forwarded by his excellency the governor, to the

Secretary of the State of the United States, to the President Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

HAMILTON MCWHORTER,
President of the Senate.
JOHN T. BOIFUILLET,
Secretary of the Senate.
E. D. RIVERS,
Speaker of the House.
ANDREW J. KINGERY,
Clerk of the House.

Approved January 23, 1933.

EUGENE TALMADGE, Governor.

STATE OF GEORGIA,
County of Fulton:

I, T. M. Linder, secretary of the executive department of Georgia, hereby certify that the foregoing is a true and correct copy of Senate Resolution No. 10 as approved January 23, 1933.

Witness my hand and seal this 1st day of February, 1933.

T. M. LINDER,
Secretary Executive Department.

EXHIBITION RIDE AT FORT MYER

Mr. REED. Mr. President, I send to the desk a letter, which I ask may be read.

The PRESIDENT pro tempore. The clerk will read, as requested.

The Chief Clerk read as follows:

HEADQUARTERS FORT MYER, VA.,
OFFICE OF THE COMMANDING OFFICER,
February 1, 1933.

Senator DAVID A. REED,

Chairman Senate Military Affairs Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Upon the request of certain Members of Congress, it is the desire of the commanding officer and of the officers and men of Fort Myer, Va., to present a special exhibition ride for the Members of Congress, their families, and guests.

It is realized that the regularly scheduled rides on Friday afternoon take place at an inconvenient time, and, due to the large public demand for admission, they are crowded and troublesome to attend.

We have accordingly scheduled an exhibition ride at 4 o'clock on Saturday, the 11th of February, to be given in honor of the Members of Congress. The entire seating capacity of the riding hall at Fort Myer will be reserved for them. In an endeavor to make attendance as convenient and informal as possible, no individual seats will be reserved, but guests will be required to present an identification card from a Member of Congress of the United States.

It is hoped that, in extending this formal invitation through you, you will notify the Members of its provisions.

Very sincerely yours,

H. N. COOTES, Colonel Third Cavalry.

The PRESIDENT pro tempore. The communication will lie on the table.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Foreign Relations:

Joint resolution relating to the Great Lakes-St. Lawrence waterway

Whereas the people of the State of Wisconsin favor the development of the Great Lakes-St. Lawrence waterway; and

Whereas the undertaking of such a project at this time would afford employment to many thousands of workmen now unemployed; and

Whereas such a waterway would greatly benefit both industry and agriculture through lower transportation costs and would aid materially in the early restoration of economic prosperity; and

Whereas a treaty between the United States and Canada, making the development of the project possible, has been successfully concluded and but needs the ratification of the United States Senate: Therefore be it

Resolved by the Assembly (the Senate concurring), That the Legislature of Wisconsin hereby again indorses the Great Lakes-St. Lawrence waterway project and respectfully memorializes the Senate of the United States to at once ratify the treaty with Canada, and also memorializes the Congress of the United States immediately after ratification of the treaty to enact the necessary legislation for the beginning of work on this waterway; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The PRESIDENT pro tempore also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution relating to the 5-cent glass of pure beer, expected and desired by the citizens of Wisconsin

Whereas the legalization of beer manufacture and sale in the near future is virtually assured and there is danger of nullifying the benefits accruing to the farmers of Wisconsin from such legalization by the imposing of a Federal beer tax so high as to prevent the possibility of retailing beer at the popular price of 5 cents per glass, which would be contrary to the wishes and interest of the vast number of laborers in Wisconsin and the Nation: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully and earnestly memorializes the Congress of the United States to refrain from imposing a tax in excess of \$3 per barrel, thus allowing brewers and consumers, as well as the growers of barley and hops, the full benefit and freedom enjoyed before the advent of prohibition; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to the Congressmen and United States Senators from Wisconsin.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. COPELAND presented the petition of Frank Crumit, Shepherd of the Lambs, and sundry citizens, being members of the Lambs and associates, of New York City, N. Y., praying for the prompt passage without amendment of the so-called alien actors bill, being the bill (H. R. 8877) to clarify the application of the contract-labor provisions of the immigration laws to actors, which was referred to the Committee on Immigration.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Unions of Marlborough, Port Byron, and Wellsville, in the State of New York, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. DILL presented a memorial of sundry citizens of Tonasket, Wash., remonstrating against the repeal or modification of the national prohibition law, which was ordered to lie on the table.

Mr. CAPPER presented resolutions adopted by the Woman's Christian Temperance Union of Chase and Frances Willard Chapter of the Woman's Christian Temperance Union of Leavenworth City, in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. McNARY presented petitions signed by 26,360 citizens of the State of Oregon (transmitted by Miss Maude M. Aldrich, field secretary, Federal Motion Picture Council in America (Inc.), etc.), praying for the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. BLAINE presented memorials of sundry citizens of Bear Creek, Clintonville, Excelsior, and New London, all in the State of Wisconsin, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented a joint resolution of the Legislature of the State of Wisconsin, indorsing the Great Lakes-St. Lawrence waterway project and favoring the prompt ratification of the treaty with Canada, which was referred to the Committee on Foreign Relations.

(See joint resolution printed in full when laid before the Senate to-day by the President pro tempore.)

Mr. BLAINE also presented a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress in connection with proposed legalization of the manufacture and sale of beer "to refrain from imposing a tax in excess of \$3 per barrel, thus allowing brewers and consumers, as well as the growers of barley and hops, the full benefit and

freedom enjoyed before the advent of prohibition," which was ordered to lie on the table.

(See joint resolution printed in full when laid before the Senate to-day by the President pro tempore.)

Mr. WALCOTT presented a resolution adopted by the Hartford (Conn.) Chamber of Commerce, opposing adoption of the so-called domestic allotment plan of farm relief, which was referred to the Committee on Agriculture and Forestry.

He also presented memorials of members of the Church of the Redeemer, and sundry citizens, all of New Haven, Conn., remonstrating against appropriating \$2,500,000 for citizens' military training camps and \$572,000 for the Organized Reserves under the War Department, which were referred to the Committee on Appropriations.

He also presented memorials and papers in the nature of memorials of Hannah Benedict Carter Chapter, Daughters of the American Revolution, of New Canaan; regents and treasurers of chapters of the Connecticut Daughters of the American Revolution assembled in annual meeting at New Haven; Brown-Landers Post, No. 77 (Inc.), the American Legion, of East Hartford; Tomalonis-Hall Post, No. 84, the American Legion, of Simsbury; "Somers" American Legion Auxiliary, of Somersville; the Lamson-O'Donnell Post, No. 46, of Goshen-Cornwall, the American Legion Auxiliary, of Torrington; and Gray-Dickinson Post, No. 59, the American Legion Auxiliary, of Windsor; all in the State of Connecticut, remonstrating against any reductions in appropriations for the Army, Navy, and Marines, which were referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Hartford, Conn., praying for the passage of legislation limiting the hours of labor to 30 hours a week, which was referred to the Committee on Education and Labor.

He also presented petitions and papers in the nature of petitions of the American Legion Auxiliary of Westbrook; Treadway-Cavanaugh Unit, No. 64, of East Hampton; Gensi-Viola Unit, No. 36, of Windsor Locks; and Post No. 29, of Greenwich, all of the American Legion Auxiliary, in the State of Connecticut, praying for the passage of legislation known as the widows and orphans' pension bill, and also for the creation of a veterans' committee of the Senate, which were referred to the Committee on Finance.

He also presented petitions of sundry citizens of Hartford, East Hartford, Elmwood, Glastonbury, Manchester, South Manchester, Newington, and New London, all in the State of Connecticut, praying for the passage of the so-called Hatfield-Keller bill, providing retirement pensions to railway employees, which were referred to the Committee on Interstate Commerce.

He also presented memorials of sundry citizens of Danbury and Somers, in the State of Connecticut, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

He also presented the petition of the National Woman's Relief Corps, auxiliary to the Grand Army of the Republic, praying for the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented a resolution adopted by the Socialist Party of New Haven, Conn., protesting against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

THE MERCHANT MARINE

Mr. FLETCHER presented an editorial from the Evening Star, of Washington, D. C., appearing in its issue of January 28, 1933, entitled "A Sound Policy," which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[From the Evening Star, Washington, D. C., January 28, 1933]

A SOUND POLICY

The Congress of the United States laid down a sound policy in the merchant marine act of 1920. It declared that—
"It is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United

States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine."

In pursuance of this policy, which was reaffirmed in the merchant marine act of 1928, the Congress has appropriated annually for the carrying of the foreign mails by steamships sums not designed to pay the mere cost of such transportation but sums calculated to aid in the establishment and maintenance of steamship lines flying the American flag on the seven seas. It has made loans at advantageous rates of interest to American shipping companies.

What has happened in consequence? America has a merchant marine that is constantly developing, with new vessels of a type capable of being used as auxiliaries of the Navy in time of war, vessels which can render in time of peace such service as to gain for them the carrying trade not only of this country but of others.

Annually, however, attacks are made upon the Government's announced policy of building an adequate merchant marine. They materialize when the appropriation bills come up for consideration in the Congress. And such a fight has recently been waged in the House and for several days has been in progress in the Senate. Those who believe in the development of the merchant marine prevailed in the House. They should prevail in the Senate.

The opponents of these mail contracts—which they dub "subsidies"—are no friends of American national defense or of American foreign commerce, although they would be horrified at the suggestion that they did not believe in either. They are playing into the hands of the foreign maritime nations which are competitors of the American merchant marine for the carrying trade. How did these foreign nations sweep the merchant vessels of the United States off the seas before the World War? By the granting of subsidies to their own vessels; by the payment of low wages to the seamen. The laws of the United States compel better treatment of the crews of the American flag vessels; they compel the employment of a certain percentage of Americans on the vessels, and thereby force higher wages. And now, in the name of economy, it is proposed to break down the policy and the methods adopted by the Congress to build up the American merchant marine. Can there be the slightest doubt that this is good news to the foreign shipping companies?

When Congress announced its policy toward merchant shipping in 1920 it had recently had a severe lesson. During the World War, when the country found itself without an overseas merchant marine, the stupendous sum of nearly \$3,000,000,000 was expended to put a fleet of merchant vessels on the water. Millions were wasted in experimenting with wooden ships and concrete vessels in the effort to build quickly a fleet that could carry American soldiers and supplies abroad. American commerce suffered grievously at the outset of the World War because of lack of shipping. The carriers needed for the business of this country were withdrawn to the use of the belligerent nations. It seems utterly impossible that anyone would have this Nation return again to the state in which it was found when the war broke out in 1914, with no overseas merchant marine at all. Yet a withdrawal of the Government support as now proposed would not only prevent any further expansion of the merchant marine but would wreck many of the water carriers under the American flag.

VETERANS' NATIONAL LIAISON COMMITTEE

Mr. WALSH of Massachusetts. Mr. President, I desire to present a matter for the RECORD. As is well known, there is a Joint Committee on Veterans' Affairs considering possible economies in the veterans' laws. Yesterday a report of the committee meeting appeared in the press under the following headlines:

New bonus march on District of Columbia predicted. Communist tells Congress committee preparations are under way.

This morning I received a letter from one of the members of the committee known as the Veterans' National Liaison Committee that are arranging and planning for a veterans' march on the Capital, stating that the news article in question was not quite fair to that committee, the intimation being that the news article sought to give a communistic slant to this movement, when, as a matter of fact, it appeared in the testimony yesterday that of the five or more members of the committee only two are communists and the others claim and testified that they belonged to other political parties.

I ask, therefore, in fairness to one of the members of the committee who has written the letter and to the committee, that it be printed in the RECORD, together with the news article to which objection is made.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

NEW BONUS MARCH ON DISTRICT OF COLUMBIA PREDICTED—COMMUNIST TELLS CONGRESS COMMITTEE PREPARATIONS ARE UNDER WAY

A new march of veterans to the Capital to present former soldiers' demands to the expected special session of Congress was predicted to-day by Emmanuel Levin, member of the Communist Party, in testifying before the Joint Congressional Committee on Veterans' Affairs.

Levin appeared on behalf of the veterans' rank and file committee, an outgrowth of the left wing of the bonus army evicted from the Capital last summer by troops after two veterans had been killed by police.

"We can not say now whether there will be 10,000 or 50,000," Levin said, "but they will be here."

Pressed by Senator WALSH, Democrat, of Massachusetts, for details of the proposed march, Levin submitted to the committee the names of those laying plans for the demonstration.

He named James W. Ford, colored, communist vice presidential candidate in the recent elections; E. P. Wagner, of Pennsylvania, a member of the bonus army; Edward Williams, of Newark, N. J.; Albert G. Sellers, of Pennsylvania, a member of the left wing of the bonus army; Harold Hickerson, of New York City, one of the leaders of the "rank and file veterans," who came to Washington at the outset of the present session of Congress; and George Brady, formerly registration officer of the bonus army.

VETERANS NATIONAL LIAISON COMMITTEE,
Washington, D. C., February 2, 1933.

Hon. DAVID I. WALSH,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR WALSH: Attached hereto is a clipping from to-day's Washington Evening Star (Associated Press). The writer, George D. Brady, is the only one authorized to talk for this committee. It was I and not Mr. Levin who gave you the names of the members of this committee, and I took particular pains to say that I am an enrolled Democrat. You will notice that the Associated Press has given a decidedly communistic slant to the entire committee. This has happened too often to be excused as accidental. Errors of omission beautifully distort the committee and its work.

I hold no brief for the Communist Party. They have men, citizens, who run for public office on a public platform and are recognized as a political organization by our Government. They have a place on a ballot, the same as other parties. Why should two of the seven members of this committee be identified in the newspapers as political representatives while the political party identification of the others is ignored?

There is no line of demarcation, political, fraternal, or social, denominational or racial, as far as the work of this committee is concerned. That is and has always been a thoroughly American principle. All we ask of any veteran is, Has he an honorable discharge from the Army, Navy, or Marine Corps of the United States? I regret the necessity for reiterating these facts to you, but as a Democrat and a native-born American, I resent every attempt to classify me or the other members of this committee as anything but what we are. No newspaperman asked me for a statement about the plans of this committee, although they did interrogate Levin. I wonder why. The reason is quite obvious after reading this article.

May I urge you in fairness to this committee and the thousands of veterans they represent to make a statement to the press at once correcting the impressions that will be gained from such newspaper articles as this? Albert G. Sellers was a bona fide member of the Bonus Expeditionary Force and is national treasurer of the Bonus Expeditionary Force Rank and File of America (Inc.). He does not belong to the "left wing" of any organization.

Thanking you for an early and an immediate reply,

Sincerely yours,

GEORGE D. BRADY, Chairman.

P. S.—The Veterans National Liaison Committee did not request that they be allowed to testify before the joint committee. Introduced in the fashion it was by the subtle questions as to political affiliations of its members addressed to a man speaking for an entirely different committee, it would seem only fair to this committee that it be allowed to make a statement for inclusion in the RECORD.—GEORGE D. BRADY.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 5363) to provide for the housing, feeding, and clothing of certain unemployed persons at military posts of the United States, reported it adversely.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 4589) to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes, reported it with amendments and submitted a report (No. 1145) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 5433) for the relief of

certain settlers on the Fort Peck Indian Reservation in the State of Montana, reported it without amendment and submitted a report (No. 1146) thereon.

Mr. SCHUYLER, from the Committee on Military Affairs, to which was referred the bill (S. 4590) for the relief of Juan Apodaca, reported it with amendments and submitted a report (No. 1147) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H. R. 4368) for the relief of George W. McDonald, reported it with amendments and submitted a report (No. 1148) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 5537) to convey certain land in the county of Los Angeles, State of California, reported it with amendments and submitted a report (No. 1149) thereon.

BILL INTRODUCED

Mr. JOHNSON introduced a bill (S. 5581) authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes, which was read twice by its title and referred to the Committee on Commerce.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

- H. R. 913. An act for the relief of Charles W. Sumner;
- H. R. 3626. An act for the relief of John I. Lowe;
- H. R. 3905. An act for the relief of Maj. L. D. Worsham;
- H. R. 7200. An act for the relief of William Chinsky;
- H. R. 7593. An act for the relief of Louis Zagata;
- H. R. 7687. An act for the relief of W. B. Ford;
- H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.; and
- H. R. 8800. An act for the relief of Laura J. Clarke; to the Committee on Claims.
- H. R. 9955. An act for the relief of Lucius K. Osterhout; to the Committee on Military Affairs.
- H. R. 698. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the grade of assistant paymaster, with the rank of lieutenant (junior grade) in the Supply Corps, United States Navy; to the calendar.
- H. R. 1709. An act for the relief of Burton Bowen;
- H. R. 1710. An act for the relief of Raymond C. Bogart;
- H. R. 5989. An act for the relief of John O'Neil;
- H. R. 9166. An act for the relief of William E. B. Grant;
- H. R. 9272. An act to correct the rating of John Huntz Roloff, Fleet Naval Reserve; and
- H. R. 9473. An act for the relief of Olen H. Parker; to the Committee on Naval Affairs.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. FLETCHER submitted amendments intended to be proposed by him to the bill (S. 5336) to amend the emergency relief and construction act of 1932, which were referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENT OF THE BANKRUPTCY LAW

Mr. FLETCHER submitted amendments intended to be proposed by him to the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which were referred to the Committee on the Judiciary and ordered to be printed.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. FRAZIER submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 6, to strike out lines 1 to 4, inclusive, as follows:

"EXPENSES OF INDIAN COMMISSIONERS

"For expenses of the Board of Indian Commissioners, \$11,430, of which amount not to exceed \$6,330 may be expended for personal services in the District of Columbia."

ANNUAL REPORTS OF THE PUBLIC UTILITY COMPANIES OF THE DISTRICT

Mr. CAPPER. I have here the annual reports of the public utility companies of the District of Columbia, which they are required under the law to make to the Senate. I present them to the Senate, and ask that they be printed in the usual form.

The PRESIDING OFFICER (Mr. Fess in the chair). Without objection, it is so ordered.

The order was reduced to writing, as follows:

Ordered, That the annual reports of the following-named public utility companies in the District of Columbia for the year ended December 31, 1932, heretofore transmitted to the Senate, be printed as a Senate document: Capital Traction Co.; Chesapeake & Potomac Telephone Co.; Georgetown Barge, Dock, Elevator & Railway Co.; Georgetown Gas Light Co.; Potomac Electric Power Co.; Washington Gas Light Co.; Washington Interurban Railroad Co.; and Washington Railway & Electric Co.

THESE TROUBLOUS TIMES

Mr. DAVIS. Mr. President, I ask leave to have printed in the RECORD an article by the Hon. Robe Carl White, the Assistant Secretary of Labor, entitled "These Troublous Times."

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

THESE TROUBLOUS TIMES

By Robe Carl White, Assistant Secretary of Labor

In these days of national tribulation, following closely on a period of great prosperity, the facts concerning previous periods of major depressions in the United States since 1837 become vital when considering present economic conditions.

Many and varied reasons for the recurrence of periods of depression have been advanced by those treating of the subject. The student of finance ascribes financial reasons, such as currency and banking laws or the lack of them, and a faulty credit system; the student of commerce and manufacture—curtailment of credit, tariff, demands of the wage earner, overproduction; the student of agriculture—low prices, overproduction, drought, pestilence, tariff, high prices of farm machinery; the student of labor—low wages, long hours, working conditions, irregular employment; the student of government—the enactment or non-enactment of particular laws and the methods of enforcement; the student of social forces—social and moral influences.

While each of the above may play a part, the most powerful factor among the causes of all past depressions, as well as the one through which the country is now passing, is the cupidity of mankind, which when unleashed and started on the economic road termed "speculation" proves an irresistible force that sweeps aside established and accepted standards of business and life and carries man on to grave errors of judgment.

Then comes the penalty in loss of means and peace of mind.

A general business depression has usually followed a period of prosperity. Therefore, to get a true picture of an era of depression it must include the period preceding, for it is during this period the cause or causes of the depression are developed. There will be found a decided similarity between eras of prosperity, as well as between eras of depression.

THE BUSINESS DEPRESSION, 1837-1844

The depression beginning in the year 1837 followed a period of prosperity of several years' duration. Bear in mind that during this period the country was still in a pioneer stage—no railroads, no telegraph, no means of transportation other than by water and wagon roads. Agriculture was the main occupation of the people, with cotton and tobacco the principal products in the South, and wheat, corn, and cereals in the North. Crops were harvested by means of the scythe and cradle, and the grain was still threshed by the flail as late as 1833. New York was the main gateway for exports in the North and New Orleans in the South.

The census of 1830 gives the total population of the United States as 12,866,020. The Atlantic Coast and Gulf States were densely settled, with a scattered population only throughout the country west of the Alleghenies. The rapid progress of the westward movement into the Middle West States—Ohio, Indiana, Illinois, Kentucky, and Tennessee—reached the proportions of a land rush in the early thirties. Towns sprang into existence almost overnight. This great influx of people caused the rapid development of land, means of transportation, and extraordinary activity along all industrial lines. Many banks established in the new towns issued their own paper money without specie backing.

During this period London, England, was the financial center of the world and the main source of capital for investment in the United States. Philadelphia was the stronghold of American finance, with New York or Wall Street a secondary money center. The moneyed interests at Philadelphia, centering around one Nicholas Biddle, dominated the financial affairs of the United States. Biddle was a visionary type. He was careless regarding details, prodigal in making loans, and very lax in investigating conditions surrounding the loans made. He himself was a heavy speculator in cotton. Because of his prominent financial position, his example encouraged opportunists of every sort to enter the

speculative field. It was easy to secure liberal advancements on enterprises of all kinds; to secure credit for supplies beyond the wants of the people and for investment in unproductive public land. The gambling spirit of adventure and a desire for sudden wealth prevailed throughout the Union. Thus this became an era of speculative ventures, with all classes eager to invest their money in almost every sort of proposition presented.

The Josephs Banking Co., of New York, originally organized with \$20,000 capital and later increased to \$400,000, was the representative of the Rothschilds of England. Following the example of Biddle, this firm plunged boldly into hazardous cotton and land speculations. President Jackson bitterly opposed what he called the dangerous tendencies of Biddle's bank and the objectionable character of the loans made by it. His opposition to the prevailing practices eventually culminated in the Government's refusal to renew the charter of the Biddle bank and a removal of the Government deposits. The bank, however, continued to operate under a charter secured from the State of Pennsylvania, and to make up for the lost prestige Biddle launched an even more liberal policy in credits and trade.

This was the condition in the United States in the years immediately prior to 1837.

For a number of years there had been a general overtrading with America on the part of English merchants and the creation of many joint-stock banks and companies for this purpose. This, together with the credits extended to East Indian trades, China, and South America, caused a great expansion of the Bank of England issues and precipitated the financial panic in England in the latter part of 1836. The tightening of the money market in England during and following this panic brought with it many failures and a general stagnation of business throughout England and other European countries, and in the United States.

The retardation of normal business and the bank failures in England closed the market for many of the products of the United States. This was particularly true of the market for cotton, which constituted from one-third to one-half of our total exports and was the foundation of the prosperity of the South. Cotton declined 50 per cent in price in 1837. The production of tobacco, sugar, and rice was also affected, but to a lesser extent.

The first evidence of the economic collapse during this era of speculation appeared in New Orleans and the South. Due to the decline in the price of cotton and the loss of much of the export trade, the cotton companies and the banks in New Orleans were compelled to close their doors, followed within a few days by the closing of nine-tenths of the business houses in the city of Mobile. When the news of the failure of the cotton companies and the banks in New Orleans reached New York, it forced the Josephs Banking Co. to close, which precipitated the panic of 1837. This panic was followed by the usual bank and business failures throughout the country and brought on a general dullness of business, continuing for about five years.

The three years subsequent to 1837 were a period of financial readjustment. Money did not become easier until the latter part of 1840. From that time on it continued growing easier until the depression was over, the first part of 1844.

Wages were fairly well maintained, probably due to the fact that it was not a manufacturing or industrial age and most of the labor was engaged in agricultural and allied pursuits. Furthermore, the wage earner, because of the vast undeveloped resources of the country at that time, was not confined to any particular spot, but could move to a new locality and engage in other and equally fruitful occupations.

Immigration

The volume of immigration to the United States prior to and during this era was moderate, and at no time reached 100,000 per annum. Though the volume was small and may not have had any particular effect upon the economic situation, it is interesting to note that immigration shows a drop of more than one-half in 1838, the first year after the start of the depression. The volume was much greater in 1839 and, with a few exceptions, increased each year thereafter until 1849, when it reached the high level of 297,024.

THE BUSINESS DEPRESSION, 1854-1859

Evidence of this depression appeared first in the year 1854. There was a slight recovery in 1856 and 1857, followed by a severe subsidence in 1858, with a return to prosperity in the latter part of 1859.

Money was fairly easy at the beginning of the period, tightened in 1857, and began growing easier again in the latter part of 1858.

The generally accepted cause of this business slump was the discovery of gold in California in 1848 and 1849. Thousands of men from all parts of the country joined in the rush to the gold fields. The influx of gold following the rush and the meteoric rise to great financial power of such men as Mills, Huntington, Flood, O'Brien, Blair, and others, inflamed the public mind and rekindled the latent spirit of adventure and speculation.

The development of the Greater West beyond the Alleghenies was especially rapid. Profligate land grants were made to prospective railroads. Railroad stocks and bonds and mining stocks of all kinds were eagerly absorbed by the public. Railroad construction was pushed forward with feverish activity and there was undue stimulation in practically all lines of industry. Credit was easily obtained. Bankers and financiers generously forwarded speculation. In fact, abuse of the credit system and the promotions of optimistic men were the most potent causes of the general business prostration following this speculative era. This era of activity caused the price of all kinds of property to reach a

point too unnatural to be permanently maintained, and the price of commodities to increase beyond their normal value. This extraordinary condition was continued and sustained somewhat by the Crimean War (1853-1856).

As President Buchanan said in his message to Congress in December, 1857: "Our financial history for the last 40 years has been one of extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock gambling. . . . Deplorable, however, as may be our present financial condition, we may yet indulge in bright hopes for the future. No other nation has ever existed which could have endured such violent expansions and contractions of paper credit without lasting injury; yet the buoyance of youth, the energies of our population, and the spirit which never quails before difficulties will enable us soon to recover from our present financial embarrassments, and may even occasion us speedily to forget the lesson which they have taught."

The panic of 1857, which was the beginning of the period of depression, was precipitated by the failure of the Ohio Life & Trust Co., of Cincinnati. This company had loaned \$5,000,000 to the railroads alone. Subsequent to this failure many New York banks called their loans, which brought a financial crash involving most of the banks of the country. The collapse of the banks and the financial system during this depression brought about the enactment of national banking laws.

The revival of business came slowly until the Civil War (1861-1865) gave activity to all branches of trade.

Although the previous transfer within a short time of a great amount of labor from the States to the gold mines and to the country west of the Mississippi caused a rise in the price of labor, this depression was not accompanied by any great reduction in wages.

This period of depression was paralleled by a similar condition in England, Germany, France, Russia, and other European countries. The withdrawal by England and France of vast amounts of capital and of productive labor in the ordinary channels of commerce to carry on the Crimean War created an unfavorable influence on financial conditions in European countries and in the United States. Further, as affecting England, the great mutiny in India occurred in May, 1857, and the East India Co. was dissolved and the Government of India transferred to the British Crown in August, 1858.

Immigration

There was a distinct wave of immigration from Ireland and Germany during the years 1850-1854, due to some extent at least to famine conditions in Ireland and the political situation in Germany. In Germany these years constituted a period of petty despotism, to escape which great numbers of its people migrated to the United States.

Beginning with 1855 immigration decreased almost every year until 1862, after which it gradually increased to a new high level of 459,803 in the year 1873. The decline in immigration was probably due to a number of causes, among which are: The depression in the United States and the conditions prevailing prior to the outbreak of the Civil War, the political and economic conditions existing in Great Britain, Germany, and other European countries, and the Crimean War, which directly involved Great Britain and France and indirectly Germany and the other countries of Europe.

THE BUSINESS DEPRESSION, 1873-1878

This depression was very severe and extended in duration, and, as usual, followed the collapse of a speculative era. In an effort to stabilize industry and business following the Civil War the country plunged into an era of feverish activity in the development of its resources, particularly of the great West. The leaders of finance were again the promoters of railroad building, land speculations, and public improvements, which acted as a stimulus to iron, steel, and other allied industries.

The population, consisting of about 38,000,000, swallowed the deceptive bait and entered vigorously into great industrial, financial, and public undertakings. Even the most conservative men of finance and old establishments were deceived by visions of large profits and untold wealth and became promoters of almost every sort of enterprise, nonproductive as well as productive.

The life of Jay Cooke, one of the greatest and most influential bankers of the Civil War period, is typical of the trend of the times. Born in Sandusky, Ohio, the son of a lawyer, he started life as a clerk in a store, and at 18 entered the employ of a private banking firm in Philadelphia, where he displayed such ability in business and financial affairs that before the age of 30 he was taken in as a partner. Later he organized the private banking establishment of Jay Cooke & Co. in Philadelphia, which became one of the most powerful banking institutions in the United States. During the war he became known as the war financier through his successful efforts in floating the Government bond issues. After the war this conservative banker undertook the promotion of the Northern Pacific Railroad. He poured money into this enterprise with a lavish hand, taking its bonds as collateral. Inability to float the bonds abroad forced this great banking house to close its doors.

The closing of the doors of Jay Cooke & Co. precipitated the panic of 1873. It revealed to the public the hazardous methods used by promoters, bankers, and financiers in the many great development enterprises throughout the country, and caused a loss

of confidence in the stability of all financial institutions. The disclosures of the Crédit Mobilier scandal also had a far-reaching effect.

This panic was followed by a general industrial depression extending over several years, the alleged causes of which are as numerous as the economic writers treating of the subject. Among those given are land grants to corporations, expansion of credits, contraction and inflation of currency, suspension of specie payments, wages falling before the price of goods, extravagance induced by credit, immigration of Chinese, great inventions, inefficiency of labor, too small wages, land and railroad monopolies. All of these may have played some part, but the panic, followed by the depression, was the result of the collapse of an era of false prosperity—the desire of men to become rich through speculative methods rather than as the result of their own creative efforts.

Money was very tight in the United States in 1873 following the failure of Jay Cooke and the collapse of railroad speculations. The New York Stock Exchange was closed for 10 days. Money became somewhat easier in 1874 and 1875 and was exceedingly easy in 1876, although in the last-mentioned year there was a tremendous decline in railroad-stock prices after April, together with industrial slumps in the spring and autumn. Money continued easy in 1877, but it was not until 1878 that general business conditions showed more than temporary improvement.

While strikes and lockouts, through which labor sought to attain its objects, had previously occurred in various industries with more or less frequency, the first important railroad strike came in 1877 on the Baltimore & Ohio Railroad, followed by a similar strike on the Pennsylvania Railroad, caused primarily by a 10 per cent reduction in wages and general dissatisfaction with working hours and methods of reckoning pay. State militia called to the scenes of action failed to restore order and Federal troops had to be employed.

Wages were not generally affected during this depression. While there were some temporary reductions, wages not only remained constant but were actually higher at the end of the depression than at the beginning.

It is interesting to note that the 20-year period prior to this depression saw the formation of the first labor organizations on a nation-wide scale. The demands made by these various organizations were an 8-hour day, land grants to actual settlers, a national labor bureau, immigration restrictions, tariff reduction on the necessities of life, abolition of prison labor, establishment of mechanics' institutes, reading rooms for workers, and cooperative stores. They pledged aid to women workers and attacked bad housing situations and the banking system.

The panic of '73 and the following depression were paralleled by panics and depressions in England, France, Germany, and Austria.

Immigration

During the period under discussion the bulk of immigration to the United States came from the United Kingdom and Germany; and again, as in previous periods of depression in the United States, immigration shows a sharp decline, caused not only by the unfavorable economic conditions existing in the United States but also by similar conditions in the countries named. Beginning with the year 1879, it gradually increased each year until a new high level of 788,992 was reached in the year 1882.

THE BUSINESS DEPRESSION, 1884-1886

The country enjoyed five years of prosperity following the depression ending in 1878, during which time the foundation was laid for the panic of 1884.

This prosperous period produced a new crop of promoters and speculative bankers, who, through the prestige of initial success and strong financial backing, were able to secure control of many of the railroad companies and other enterprises. As soon as control was secured the method usually followed was to greatly increase the capital stock and bonded indebtedness and to market these overvalued stock issues through widespread advertising and other promotion methods. When the day of reckoning came many of these promoters resorted to swindling schemes to cover their losses, such as issues of bogus stocks and bonds, misappropriation of funds, and defalcations. The overcapitalization of railroad companies caused the overstimulation of railroad construction and allied enterprises—iron, steel, mining, and public improvements.

The following illustrates the activities of the promoters and financiers of this era:

George Ingraham Seney, president of the Metropolitan Bank, organized what was known as the Seney Syndicate. He first made a fortune in the promotion of the Nickel Plate Railroad, selling out to the Vanderbilt interests. Later he gained control of the Ohio Central, East Tennessee, Virginia & Georgia, and the Rochester & Pittsburgh Railroads, all of which were used for speculative purposes. Huge stock issues in these railroads were floated by Seney through glowing promises and widespread advertising. Seney also used the exchange house of Nelson Robinson & Co., of which his sons were managers, in the promotion of his various projects.

Another banker who played a prominent part in the affairs of this era was John C. Eno, who, at the age of 26, through his father's influence, became president of the Second National Bank of New York. This inexperienced young man immediately saw visions of becoming the leading financial figure of the day, and plunged into all kinds of gambling and wild speculative ventures, using the great funds at his command for this purpose.

Two young men, Ulysses Grant, jr., son of ex-President Grant, and Ferdinand Ward, both inexperienced in financial affairs, or-

ganized the brokerage firm of Grant & Ward, with the banker, James Fish, president of the Marine Bank, as their silent partner. Ward was intrusted with the entire management. This young man proved to be a common gambler, unscrupulous, even dishonest in his dealings. He used the prestige of the ex-President's name to further his speculations. At first Ward's ventures were apparently profitable, but disaster followed his speculations at the beginning of the depression, and in order to cover his losses he resorted to huge swindles. When his speculations came to light it forced the closing of the doors of the Marine Bank, which had advanced large sums of money on the unprotected notes of Grant & Ward. The closing of the Marine Bank and the suspension of Grant & Ward precipitated the panic.

The failure of Grant & Ward also uncovered a series of thefts and bad speculations involving the Seney Syndicate, the Eno Bank, and many other financial institutions. It was found that Eno alone had misappropriated some \$4,000,000. During these years even the most conservative financiers were drawn into moneyed conquests. Henry Morgan was caught in the slump of the Denver & Rio Grande; Russell Sage in the crisis of '84. Failures and defalcations occurred at intervals all during that summer.

While the panic of 1884 was more local and less severe than that of 1873, the collapse of the prosperous era again can be traced to the same frailties of human nature, namely, the people being swept away by optimism and led into speculations in all kinds of enterprises through the promotions sponsored by professional promoters and financiers.

There was a tremendous decline in stock prices following the money panic. Commodity prices continued very low through 1885, with a gradual return to prosperity in the year 1886.

The depression brought some reduction in wages, causing labor disturbances; coal strike in the autumn of 1884; anti-Chinese riots in 1885; Knights of Labor railroad strike and coal strike in March, 1886; and the Haymarket anarchists massacre in Chicago in May.

Contemporaneous depressions existed in England and other countries of Europe. There was a slow recession of business in England in 1883, followed by depression in 1884, 1885, and the first part of 1886, with a slow revival in the latter part of the year.

Immigration

The year 1883 witnessed the beginning of a marked change in the origin of immigration to the United States. Prior to that time over 95 per cent of all European immigrants came from the northern and western countries of Europe, with only a comparatively few from the southern and eastern countries. From the above date the ratio gradually changed, until in the year 1890 about 36 per cent of all immigration came from the southern and eastern countries of Europe.

At the beginning of this depression immigration showed a sharp decline and continued to decline until the low mark was reached in 1886, after which it gradually increased.

THE BUSINESS DEPRESSION 1893-1898

During the prosperous years following the depression of the eighties there was a decided upward trend in the promotion of monopolies, for the purpose of controlling the products of industry. Combinations and mergers were made or attempted in almost all lines of industry and trade. These monopolies or combinations were as usual accompanied by the creation of holding companies, price fixing and pool agreements, overcapitalization, overvaluation, excessive promotion costs. In order to finance the same, huge blocks of bonds and stocks, both preferred and common, were offered to the public at fictitious values, which brought about an era of wild speculation. The outstanding example of the period, illustrating generally the methods used, was the Cordage Trust, organized by James M. Waterbury, the failure of which is credited with having precipitated the panic of 1893.

The National Cordage Co. was originally organized in 1887 as a private combination of a few leading manufacturers of rope and twine to purchase and control the raw material used. Promoters, bankers, and stock-market interests were at first excluded. Later, in order to control the entire industry, the company was changed into a public corporation, with capital stock of \$15,000,000, divided into one-third preferred and two-thirds common. The common stock was issued to the promoters and placed in the hands of Waterbury & Co. under a trust agreement. The preferred stock was offered to the public through the firm of August Belmont & Co. and other professional promoters. The administration of the stock pool which was formed was placed in the hands of James R. Keane and several New York bankers who were interested in the success of the pool.

Through the activities of Keane and the use of extravagant financial statements issued by the company, the stock was forced up from \$73 a share at the time the pool was formed to \$142 a share in December, 1892. The pool was liquidated and the profits divided early in 1893. During this same time the company had incurred great losses in its efforts to control and market the raw material, hemp and sisal. Notwithstanding such losses and the lack of revenue, the company continued to pay 8 per cent on the preferred stock and 9 per cent on the common stock. Moreover, the company had, in January, 1893, declared a 100 per cent stock dividend and increased the common stock from \$10,000,000 to \$20,000,000.

The book value of the subsidiary plants was marked up to correspond with the inflation of the capital assets, and glowing statements were issued to the effect that the preferred stock would be placed on a 10 per cent dividend basis and the new common stock on a 7 per cent basis. Furthermore, the company

had already borrowed on demand loans and short-term initial notes upwards of \$5,000,000 from New York and New England banks. Rumors of the company's actual condition began to reach the public. In the face of these conditions, the company undertook to market a new issue of stock, which failed. Within a few days, with its stock values disappearing and its credit destroyed, the company collapsed and a receiver was appointed. The stock of this company had been one of the leaders on the stock exchange, and its failure carried with it three stock exchange firms.

The failure of the Cordage Co. uncovered the manipulation of stock pools, the juggling of figures in financial statements, and disclosed the many questionable methods used in many other concerns as the failures multiplied in the panic of 1893, resulting in a complete loss of public confidence in the affairs of big business.

The panic of 1893 was one of the most severe financial disturbances the country had experienced, with suffering perhaps the greatest in the West. Commercial failures continued above the average for several years. The darkest point in the depression came with the failure of the Erie Railroad and the suspension of the Milwaukee Bank. Industries fell off 60 per cent within five months. This was brought about to some extent at least by the unfavorable working of the silver coinage law, which necessitated a special session of Congress, at which the law was repealed. However, it soon became apparent the silver coinage law was not alone responsible for the previous panic, and its repeal by Congress came too late to restore confidence. In fact, money trouble was the manifest peculiarity of this long-drawn-out depression. Commodity prices fell to a low level. Wages were reduced. Unemployment became general and many large cities were compelled to provide public relief. Labor strikes and riots occurred, the most conspicuous being the A. R. U. railroad strike in 1894. Distress was increased for the agricultural classes in that year by the failure of the corn crop and the decline in European demand for wheat.

The first part of 1893 found business and financial conditions abroad far from satisfactory. England and the European countries were in the throes of a depression of their own. The depression in England started with the failure of Baring Brothers in 1890, and continued until 1896. The failure of the National Bank of Australasia and a doubt concerning the outcome of currency legislation in this country caused an uneasy feeling in the London markets. Rates of foreign exchange were very high and gold was steadily exported. The United States Treasury, to stem the outward flow of gold, proposed that the United States banks loan the Treasury \$50,000,000 in gold. This action caused a severe contraction in mercantile credits and a tightening of the money market.

There was a temporary revival of business in the United States in 1895, but a further recession immediately followed the President's Venezuelan proclamation in December of that year. A recession also occurred during the campaign of 1896, when abolition of the gold standard became a political issue. Retention of the gold standard following the presidential election in 1896 brought a return of prosperity, which grew to boom proportions in 1899.

Immigration

The percentage of immigrants coming from the southern and eastern countries of Europe continued to show a large increase from 1892 to 1899. In the latter year 66 per cent of all immigration came from these countries, as compared with 36 per cent in 1890.

During this depression immigration shows a gradual decline to the low level of 229,299 in the year 1898, after which it gradually increased.

THE BUSINESS DEPRESSION, 1907-1908

During the prosperous years from 1899 to 1907 the United States witnessed great strides in the accumulation of national wealth and in the growth and size of business units. It was an era of promotions and rapid expansion of manufactures and the development of the great and varied resources of the country, such as iron, copper, lead, zinc, coal, oil, water power, and agriculture. It was also a period of rapid development in new lines of endeavor—electric power, interurbans, telephone, radio, bicycles, automobiles. At the same time the country witnessed titanic struggles between various banking and financial groups to control these vast enterprises.

The formation of the United States Steel Trust, conceived by Gary and financed by the banking house of Morgan & Co., was successfully accomplished in 1901. The great struggle between the Harriman railroad interests of the Southwest and the Hill interests of the Northwest for mastery of the railroads west of Chicago resulted in the famous corner in Northern Pacific stock in 1901. This last conflict brought a depreciation in other stocks, resulting in a Wall Street panic of short duration. The outcome of this struggle was the organization of the National Securities Co., a holding corporation to control the securities of the properties in controversy. The right of a holding corporation to control the stocks of competing railroads was successfully challenged by the Government and an order of dissolution secured.

Then there was the great growth of the Westinghouse Co., the combinations in the bicycle industry, the reorganization of the New England cotton-yarn companies, the cotton-duck consolidations, the asphalt consolidations, the United States shipbuilding combination, the American Glue Co., the National Salt Co., the steel and wire combinations, and many others. The last mentioned led to the famous Tennessee Coal and Iron combination,

which was eventually absorbed by the United States Steel Corporation.

As a consequence, this was a period of excessive speculation. The rapid growth in the size of business units led naturally into some form of combination, but the great combination movement really began during the revival of business after the depression of the seventies. The first combinations formed were called pools, which were used in the distillery industry, the iron and steel industry, and cordage. This was followed by the formation of trusts, started by the Standard Oil Trust of 1879, reorganized in 1882. The trust form of organization remained in favor until about the year 1897. The most outstanding examples were the Standard Oil Trust, the Distillery Trust, and the Sugar Trust. During the nineties this form of organization was declared illegal and was followed by the creation of holding corporations, consolidations, and mergers.

There has always been an inherent opposition to monopolies on the part of the people of the United States. Even prior to 1860 the States were afraid of corporations, believing they possessed monopolistic powers. The same opposition was displayed toward trusts and holding companies. At first State control and regulation were attempted, but were found to be ineffective. The passage of the interstate commerce act of 1887 was the first effort of the Federal Government to control railroads. This was followed in 1890 by the enactment of the Sherman antitrust law, for the control and regulation of all kinds of big business. Many suits were brought under this last-named statute. In fact, the period under discussion became known as the "trust busting" period. The Government failed to secure an order of dissolution against the United States Steel Corporation, but succeeded against the Northern Securities Co., and later secured orders of dissolution against the Standard Oil Trust and the American Tobacco Trust. However, the Government's effort to regulate competition by orders of dissolution eventually failed, because it was found that through the use of interlocking directorates the control still remained in the hands of the few.

One of the prevalent theories at this time was that publicity would do much to curtail the abuses and unfair practices of big business, and to this end the Government established a Bureau of Corporations in the Department of Commerce and Labor in 1903. However, in spite of publicity by this bureau, by Government litigation, and by various investigating committees, of which the famous Armstrong insurance committee of the New York Legislature was the outstanding example, pools, mergers, and combinations of all kinds continued to thrive.

The formation of business combinations and mergers by various promoters brought many conflicts of interests, and since financial backing is a necessary adjunct to such promotions the formation of rival financial groups naturally followed. The rivalry thus created in the last analysis resulted in a bankers' war, culminating in the panic of 1907.

The most successful promoters of the period were the great banker, J. Pierpont Morgan, and his associates, Robert Bacon and George W. Perkins, of the J. P. Morgan Co.; William Rockefeller and Henry H. Rogers, of Standard Oil; Frick and Gary, of steel; J. J. Hill, of the Great Northern Railroad; James Stillman, president of the National City Bank, and others. Some of the successful promotions of this group were railroad mergers, the United States Steel Corporation, and Amalgamated Copper.

A secondary group of outstanding promoters of the period were John W. Gates, with his Steel-Wire Trust and Tennessee Coal & Iron Co.; Heinze, with his United Copper Co.; and Morse, with his shipbuilding corporations.

J. P. Morgan, with his associates, controlled the most powerful group of banks in America, and in addition had powerful foreign banking connections. Not being able to use the Morgan financial institutions for their purposes, Gates, Heinze, and Morse were instrumental in building up a formidable chain of banks, of which the Knickerbocker Trust and the Trust Co. of America were important links.

Gates had incurred the bitter enmity of Morgan by a deal involving the Louisville & Nashville Railroad. Knowing that the Morgan group needed this railroad to protect their other railroad interests, he quietly purchased control, thereby forcing Morgan to buy at his price. Gates followed this by organizing the Tennessee Coal & Iron Co., which among other things controlled great beds of iron ore coveted by the United States Steel Co. Heinze had incurred the bitter enmity of Rogers and the Standard Oil group by his manipulations in the copper industry and his organization of the United Copper Co. in opposition to the Amalgamated Copper interests. Morse, who had a genius for organization, with his shipping combinations and his chain of banks, was also in disrepute.

The financial warfare carried on between these groups of promoters and bankers was not open warfare. In fact, such warfare is never conducted in the open. The usual strategy employed is to carefully withhold from the public (which is but a pawn in all such conflicts) authentic information and disseminate misinformation through rumors arising from mysterious sources. The general directing the attack is seldom known until the enemy is routed. This warfare was no exception to the rule. Bear raids started on the stocks of the Gates-Heinze-Morse enterprises (preceded by rumors tending to destroy their credit. After the bear raids had succeeded in deflating the prices of the stocks involved, the attack was shifted to the financial institutions carrying their collateral.

In 1907, at the psychological moment, the more conservative bankers agreed to call all loans on securities of enterprises associated with the Heinze-Morse banks, which eventuated in the

closing of the doors of the Knickerbocker Trust and precipitated the panic. Later the Trust Co. of America, which held the collateral of the Tennessee Coal & Iron Co., was forced to suspend. Gates, Morse, and Heinze were all driven from Wall Street, and the Tennessee Coal & Iron Co. was taken over by the United States Steel Corporation, this last on the theory that it was the only way to stop the panic of 1907. After this transfer the warfare ceased, but it took a year to recover from the harmful effects of man's manipulation of the financial and credit fabric of the country.

The alleged causes of the panic of 1907 and the following depression are many and varied, and while the foregoing is only a sketchy picture of the methods used by bankers and promoters during the period leading up to the depression, yet it is apparent that these men and their manipulations materially affected the situation. Excessive speculation, stock manipulation, gambling, overcapitalization, and abuse of credit, as disclosed by the many failures among both the financial institutions and commercial enterprises, destroyed public confidence, paralyzed industry, and stretched the credit system of the country to the breaking point.

The depression brought a sharp decline in commodity prices and a reduction in wages, also a sharp decline in railroad and industrial stocks and bonds, the bottom being reached in the summer of 1908. Money was very tight the latter part of 1907 and did not ease up until the latter part of 1908. Good crops throughout the United States aided in a revival of business and a return to prosperity in the latter part of 1908 and 1909. This depression was accompanied by a similar condition throughout the nations of the world.

Immigration

This was also a period of heavy increase in immigration, the peak being reached in 1907, when 1,285,349 arrived. The great bulk of the immigration of the period came from the southern and eastern countries of Europe, caused to some extent at least by the great expansion of our manufactures, the old type of common labor being replaced by labor from these countries. The great influx of this new type brought immigration questions to the fore, and in 1907 the first basic immigration law was enacted. It provided for the exclusion of the mentally, morally, and physically unfit, also the exclusion of contract laborers. There was a sharp decline in immigration in the year 1908, and it continued on a lower level during 1909, with a sharp increase to more than a million in 1910. There was another sharp decline in 1911 and 1912, probably due to the Italian-Turkish and Balkan Wars. Immigration increased again to above the million mark in the years 1913 and 1914.

The World War interrupted European immigration, and it was not resumed on a large scale until the year 1920. Following the World War there was every indication that unprecedented numbers would come to the United States as soon as means of travel could be reestablished, and an unmistakable demand for immigration restriction came from all parts of the country. European immigration jumped from 24,600 in 1919 to 246,000 in 1920 and 652,000 in 1921, thus rapidly nearing pre-war proportions. In the latter year, and at a time when Congress was considering the immigration problem, approximately 5,000,000 persons were unemployed in the United States, and when it is borne in mind that every passenger ship coming from Europe was bringing large numbers who would be compelled to seek a livelihood in an already overcrowded labor market, it is not to be wondered at that Congress passed the first restrictive immigration law, known as the 1921 quota law, which fixed a definite number who might come from any country annually. This law was superseded in 1924 by the present immigration quota act, under which law by presidential proclamation the revision of the quota of each respective nationality fixed the limit on European immigration at 153,714. Since the enactment of the quota act referred to European immigration has been nominal and not an important economic factor. During the present business depression through additional laws and Executive orders it has been reduced to the disappearing point.

THE BUSINESS DEPRESSION, 1921-22, AND THE BUSINESS DEPRESSION, 1929

For several years following the depression of 1907-08, or until the year 1914, the country enjoyed moderate prosperity. The conduct of business was on more conservative basis. Credit was more carefully guarded and promotions and speculation were at a low ebb.

This trend to conservatism was due partly to the lessons learned from the disclosure of the methods of big business during the preceding panic and to the Government's final success in securing orders of dissolution in 1911 against the Standard Oil Co. and the American Tobacco Co.; the establishment of the Federal reserve system on December 23, 1913; the creation of the Federal Trade Commission in 1914; and the enactment in the same year of the Clayton Act, which was presumed to broaden the scope of the Sherman antitrust law. At the same time, other factors unquestionably entered into the situation. The lack of accord among the nations of Europe, with many rumblings and rumors of wars, made it apparent that world trouble impended. The uncertainty of future events in world affairs had a decided deterrent effect on speculation and new ventures.

This was about the condition in the United States when the assassination of Archduke Francis of Austria and his wife on June 28, 1914, was flashed to the world. This proved to be the spark which started a world conflagration. Austria declared war against Serbia on July 28, 1914. Events moved rapidly thereafter, until within an incredibly short time all the nations of the Eastern Hemisphere were involved. Foreign business was tempo-

rarily paralyzed. The London Stock Exchange closed. Following these European events the New York Stock Exchange, on July 31, 1914, for the second time in the history of our country, closed its doors for a period of four months. This caused a mild panic and a slight depression of a few months' duration, or until the European demand for munitions and war supplies started the wheels of industry. This demand grew rapidly during the years 1915 and 1916, resulting in extraordinary activity in the manufacture of war supplies. Many new industries allied or related to war munitions and war materials were established, such as munitions factories and workshops, and the dye industry. Huge profits flowed into the hands of all engaged in these industries. The number of those employed increased rapidly, with a gradual elevation of the wage scales. At the same time there was a decided rise in the prices of foodstuffs and commodities both in Europe and the United States.

Following our entry into the war, April 6, 1917, the country went immediately upon a war basis. The existing order of things was changed overnight. The President was given war emergency power. All our resources, all our activities, became subject to control by the Executive through the various departments of the Government and the many newly created boards and commissions, such as the Council of National Defense, War Industries Board, War Trade Board, War Finance Corporation, United States Food Administration, United States Fuel Administration, aircraft boards, Emergency Fleet Corporation, Bureau of War Risk Insurance, Alien Property Custodian, and the Committee on Public Information.

After the power of government was centralized in Washington, in order to train, equip, and feed the great army of several millions which was mobilized, it became imperative that all our resources of every kind and description be immediately available. Civilian labor, both male and female, was also mobilized to provide the maximum output of farm and factory. The country plunged into great activity along all lines. Values skyrocketed. War prices, with large profits, prevailed in all lines. Wage rates increased far beyond those paid in peace time. Time instead of cost was the essence of Government contracts, which were let on easy terms assuring generous, even exorbitant profits. As in all such emergencies, many men took advantage of the situation and war profiteering became quite prevalent.

For a period of years previous to the World War the efforts of the Government had been directed toward the elimination of abuses and the control of big business without the Government entering the field of private business. During the war, as a war emergency, the Government reversed this policy and financed or took over many private enterprises. The outstanding example was the railroads, taken over December 26, 1917.

The Committee on Public Information, under the direction of its chairman, became a powerful factor in shaping public opinion and guiding it into new channels. It set up a rigid censorship and made effective use of propaganda and high-powered salesmanship to unify public thought in furtherance of national proposals, such as Liberty-loan drives, speeding up production, mass production, mass consumption, standardization, conservation, the sacrifice of individualism for the collective good. Under such a stimulus the wheels of industry hummed to maximum capacity. The farm produced more than ever before in the history of the country. Feverish but well-directed activity prevailed in all lines. The entire life of the Nation was changed from one of individual methods of seeking prosperity and happiness into a collective whole, imbued with the belief that the cause was righteous and just and that the sacrifice of old standards of life and government was necessary for the good of humanity.

The signing of the armistice, November 11, 1918, caused a slowing up in all activity. The next few years constituted an era of readjustment, during which the gigantic task of demobilizing and returning to their homes and peace-time vocations the great army of soldiers and the vast number of industrial workers, the winding up of war activities, and the severance of the Government from control and management of private business was carried out. Obviously this work of readjustment could not be accomplished without disturbing the economic conditions. The labor market became overcrowded and many thousands were without employment, which, together with overproduction, the unsettled condition of industry, and the price decline in 1920 and 1921, led to the depression of those years.

The quick change from a war-time to a peace-time basis left the public mind in a state of flux. The World War had tended to upset old standards and implanted in their stead new ideas and new theories. Millions of men and women had been uprooted from their homes and communities, with their well-ordered course of life, and thrown into a strange new world and strange surroundings. Even the Army had been mobilized along new lines. While conscriptions and enlistments were local in character, the boys were distributed throughout the Army as a whole, with no home associates. There was a decided breaking down of home ties, marital relations, and the old stories of morality. The war period had also brought to the fore new methods in business. Industry had been drifting toward quantity or mass production, but the war caused it to assume major proportions.

In the readjustment period following the close of the World War the effect of the use of war propaganda remained with the people. They had witnessed the suspension of the Sherman anti-trust law, the Clayton Act, and many other laws enacted for the control of big business in which they had long believed, and the change in the functions of a number of bureaus and independent

establishments created for similar purposes. They had watched with keen interest the success attending the Government's efforts to unify and bring under one control all the great industries and financial institutions of the country. At the same time they had been deeply affected by the liberal views emanating from the so-called intelligentsia regarding old standards in business and social life. Under this new régime in the business and social affairs of the Nation, carried on during the war, they had witnessed the great rise in values of real property, the enormous increase in profits and wages. All these things had had a deep and lasting effect, and it is not to be wondered at when the war ceased the people were inclined to discard the old and cling to the new.

This condition of the public mind, following the close of the World War, was seized upon and used by promoters and financiers, who for a number of years had not been permitted to operate without a certain amount of Government restraint. During the war, due to the high cost of construction, the building program of the country had been neglected and there was a great shortage in housing and buildings of all kinds. It was estimated there was a shortage in dwellings alone of over a million. In face of the sharp decline in price of farm land to a low level in the years 1920 and 1921 and the resulting serious condition of the agricultural interests during the depression of 1921 and 1922, the country started on a huge building program, encouraged and spurred on by the war method of propaganda. This program checked temporarily the depression and brought a return to moderate prosperity. At the same time, promoters, bankers, financiers, speculators, and gamblers, realizing that there was no longer a restraining hand, backed by the sentiment of the country, started the people on an era of mergers and combinations which continued until the panic in the fall of 1929. They were permitted a free hand. No effective attempt was made to limit or control the securities offered to the investing public, the issue of capital stock and bonds, or to the manipulation of values. As a result we had mergers and combinations of every kind and description—automobile, radio, airplane, moving pictures, financial institutions, chain stores, chain banks, water power, shipping, oil, combinations for buying and selling commodities, and many others. The capital stock of these mergers was immediately placed upon the stock exchange and became the subject of speculation and stock gambling. Through the use of propaganda and high-powered salesmanship the public was ballyhooed into the purchase of stocks until speculation and gambling became almost universal.

At the same time this orgy of speculation and gambling was spurred on by so-called college economists, who pictured a coming business millennium. Tons of literature along this line were broadcast throughout the country. Another class of so-called intelligentsia immediately seized the opportunity to foist upon the world every sort of an ism, with the result that the most impractical and dangerous theories of government and of life were dressed up in fine verbiage and disseminated to the people through various channels—publications, lectures, moving pictures, radio. A spirit of optimism carried everything before it and caused the people to go on a prolonged and delirious spree of speculation and spending, during which they lost sight of the old standards upon which this country has been built—hard work, the sanctity of the home, reverence for church and state, honesty, integrity, and morality. During this delirium the wage earner saw no limit to his earning capacity, the business man no limit to his profits, the speculator and gambler no limit to his ill-gotten gains. Selfishness, licentiousness, greed, and avarice were the order of the day.

The optimism prevailing was contagious and spread to all classes. The spirit of speculation infected even the bankers of the country. The lure of high interest and big commissions swayed their judgment. The result was great abuses in the extension of credits. The accumulation of great quantities of overvalued collateral in the vaults of banks and financial institutions was the inevitable outcome of this era of overvaluation, overcapitalization, stock dividends, and the pyramiding of paper values. Further, these financial institutions, either directly or through their control or connection with bond and brokerage houses, were responsible to no small degree for turning upon the country a flood of propaganda and an army of salesmen for the purpose of disposing of the myriad of securities with which the country was being inundated. In fact, the financial institutions were the hub around which these securities were floated and into the coffers of which the high rates of interest and commissions fell.

A new element of major importance entered into the financial situation. It savored of romance and appealed to national pride. Prior to the World War there had been comparatively few international bankers, although the financial world had been growing more and more internationally minded. However, during the war this growth was rapid, caused by the Government itself handing out to foreign governments with a lavish hand what were known as "war loans." These war loans focused the eyes of the nations of the world upon the apparently inexhaustible supply of money in the United States. Beginning with the armistice and continuing for a number of years thereafter almost every country of the world applied to the banks of this country for loans, offering high rates of interest and large commissions. This caused the bankers of the United States to have visions of world financial power and overshadowed to a great extent the importance of domestic finance. Huge foreign loans were made and the bond issues floated in the United States. It became necessary to form combinations of financial institutions, with huge capital stock, and then resort to the usual propaganda and high-powered salesmanship to dispose of the bond issues. In this way almost every banker and investor was inveigled into the speculative net. The

flooding of this country with foreign bonds and securities was probably the final straw that broke the camel's back, and the huge financial structure, built on false values and insecure loans, toppled and crashed in October, 1929.

This collapse was the forerunner of the greatest stagnation of business the country has ever experienced. It brought widespread unemployment, a sharp decline in prices to a low level, and a general reduction in wage scales. The business paralysis thus brought about calls for a readjustment of all enterprises on the basis of revenue and actual values, and the elimination of all speculative values that have entered the business and financial structures of the country. It means also a complete readjustment of national thought and national life. It means the relinquishment of the beautiful dream of a world financial domain and the coming of a business and social millennium, held out to the people over a period of years by impractical visionaries. It means that big business, as well as the individual, must charge off to loss all fictitious values. It means a return to old standards of honesty, integrity, and hard work. It means that many of the so-called luxuries of life and the pleasures and dissipation that usually accompany them must be given up. And, above all, it means discarding false prophets and false teachers. This can not be done in whole or in part without great suffering, hardship, and self-sacrifice. There is no panacea in a great national financial crisis like the present. As always, the masses, who are the least responsible for such conditions, are the first to suffer, but they are also the first to readjust themselves and accept the new conditions. The last to accept the inevitable and begin on a new basis are the few who through greed and desire for power were responsible for leading the people into such a crisis and were the principal beneficiaries during the continuance of false prosperity.

What we need is a nation-wide revival—a renaissance—not in the church alone but in business, in government, in the home, in school and college. The country is fundamentally sound; its great resources are essentially unimpaired; the inventive genius and adaptability of the people remain; and when this depression passes away, as it soon will, the men and women of this Nation will go forward with renewed faith and courage to help build a better and happier civilization.

A 5-YEAR MORATORIUM FOR THE MACHINES

Mr. DAVIS. Mr. President, I ask leave to have published in the RECORD an editorial appearing in the Altoona (Pa.) Tribune of February 1, 1933, entitled "A 5-Year Moratorium for the Machines."

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

A 5-YEAR MORATORIUM FOR THE MACHINES

In this column it was contended long ago that the machines were responsible for most of the world's misery. Some claimed that the struggle between man and machines had been going on for a hundred years, and the general adoption of the machines would result in "more leisure for labor for culture."

Leisure for culture is all right if you can sit in the warm library of a club and pore over your favorite author, but on an empty stomach before an empty stove culture becomes an empty dream.

In the old days the increase of machinery did not do much harm when only a few nations had it and there were new world markets to conquer. Now, with every country overproduced and markets glutted, overstocked, and saturated, the machine presents only a hideous menace for the future.

Instead of everybody sitting idly by waiting for "prosperity's return," a demand must be made for the recomposition of the world's economic fabric. A 5-year plan that might work wonders and not be a ghastly failure, like the Godless machine-based one in Russia, would be to forbid the installation of new types of machinery for five years. Another better form of the 5-year plan would be to prohibit the use of all machinery in factories for five years. This would get all of the unemployed back to work, and perhaps in five years the world would have grown into itself and machines to a limited extent be permitted again. Merely to ban the introduction of new machines may not be sweeping enough to catch up and save all the present idle, indigent wrecks left by the machine age to date.

Handmade goods are better goods and entail a dignity to labor. The machine has cut out the pride of one's work and dulled the self-consciousness of the workers.

An English economist says that in the Pennsylvania brick industry, for example, one workman could make by hand 450 bricks per day. Now, by machinery, he can make 450,000 bricks, or enough to erect a building of considerable size, and all the other hands who contributed formerly are idle.

The world owes a living to every man who is willing to work; that adage is as old as labor itself. A 5-year plan to bring peace and plenty by giving every man a job is not radical, it is not revolutionary, it is not socialism; it is merely decency and human good will.

Vast concentrated wealth has come in the wake of the machines, but it is in the hands of the few who are now giving it back in relief funds. How much better to get rich less quickly and give your fellow being a square deal and a job.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. The question is on the motion of the Senator from California [Mr. JOHNSON].

Mr. BLAINE. Mr. President, I offer an amendment to the pending amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 2, section 2, the Senator from Wisconsin moves to amend by striking out lines 7 to 12, both inclusive, and inserting in lieu thereof "articles of the growth, production, or manufacture of the United States."

Mr. BINGHAM. Mr. President, I desire to give notice of an intention to move to reconsider the vote whereby the Senate adopted the amendment offered by the Senator from Colorado [Mr. COSTIGAN] yesterday to the amendment of the Senator from New Mexico [Mr. BRATTON]. I am permitted to do this because I did not vote at that time.

May I say, in explanation, that after giving the matter careful study and consulting with a number of people it appears that the amendment of the Senator from Colorado would cause very severe hardship, in that it would make it necessary for any department head or bureau chief facing the necessity of a 5 per cent reduction in view of the so-called Bratton amendment to discharge employees, whereas at the present time he would be permitted to give them administrative furloughs.

According to a table which was prepared for the Economy Committee by the Civil Service Commission, about half of the departments and offices have taken advantage of the administrative furlough in order to save the necessity of discharging employees.

Under the so-called Costigan amendment it would be necessary for them to discharge employees if they were unable to save their 5 per cent by purchasing less materials. Without the Costigan amendment the 5 per cent reduction might be achieved in such an office, for instance, as that of the Comptroller General—where practically all of the expenses are for services—by granting a certain number of administrative furloughs, and thereby keeping people somewhat at work, even at a less rate. Under the Costigan amendment, however, it would be necessary to increase the number of unemployed.

Therefore at the appropriate time I shall move to reconsider the vote whereby the amendment of the Senator from Colorado to the amendment of the Senator from New Mexico was adopted.

The PRESIDENT pro tempore. The motion to reconsider will be entered, and may be taken up at the convenience of the Senator.

Mr. BINGHAM subsequently said: Mr. President, earlier in the day I entered a motion to reconsider the vote by which the amendment of the Senator from Colorado [Mr. COSTIGAN] to the amendment of the Senator from New Mexico [Mr. BRATTON] was adopted. I understand that that must be accompanied by a motion to reconsider the Bratton amendment to which it was an amendment. Therefore I also enter a motion to reconsider the vote whereby the Bratton amendment was agreed to.

Mr. WALSH of Montana. Mr. President, some strictures were indulged in yesterday directed against those Members on this side of the Chamber who voted in favor of the motion

to bring before the Senate for consideration the amendment offered by the Senator from California [Mr. JOHNSON].

With the basic principles upon which the criticism was founded I am in entire and complete harmony. There is, however, a practical aspect of the question presented which addressed itself to some of us.

When our country was transformed, as it were, almost overnight from a debtor nation to the greatest creditor nation in the world, and perhaps the greatest creditor nation of all time, when we became a great exporting nation—perhaps the greatest exporting nation in the world—common sense dictated, as it seems to me, a radical change in the policy of this country. It was not, however, effective, and we twice raised higher our tariff walls.

I welcome the accession of the Secretary of the Treasury to the ranks of those of us who believe that the first condition for the restoration of prosperity in the country is the removal of the artificial obstacles to international trade.

When our goods went freely into the markets of the countries of the world generally, many of them upon a free-trade basis or nearly a free-trade basis, we could quite comfortably pursue the policy of high protection; but when other nations adopted that policy, the virtues of it were not so very plainly apparent to many of our people.

So with reference to the matter that is now under consideration. The people of England for a number of years past have been preaching the doctrine, "Buy British." The Prince of Wales has traveled all over the world proclaiming the wisdom of the doctrine of "Buy British." We are confronted with that situation now; and, accordingly, the policy is widely believed to be wise to endeavor to secure the removal of these obstacles to international trade by reciprocal agreements between the nations.

That policy was expressed in the Democratic tariff bill which was passed at the last session of Congress and vetoed by the President. It has found expression in the platform of the Democratic Party, from which I read as follows:

We advocate . . . reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

I am convinced that we shall be able to secure those reciprocal agreements very much more readily if we adopt exactly the same policy that has been pursued of confining our purchases, so far as possible, to our own products.

It may be argued that the country would prosper very much more fully if trade were free, and I have no doubt that is the correct method of bringing about a recovery, but how shall we attain that end?

We are in the same situation, or practically the same situation, with respect to the reduction of armaments. The very general opinion of this country is that armaments ought to be reduced; and I am sure a perfect willingness exists upon the part of the people of the United States to reduce our armaments even to the limit of what is necessary for police purposes, and none for warlike purposes. We were unable, however, to induce other nations to conclude that that was the wise course to pursue until we were in a situation to surpass the world in naval armament, and then we found them quite readily acquiescent; and my conviction is that we shall never again be able to get them in an attitude to favor a substantial reduction until we get at least on a parity with the greatest naval power in the world.

So, Mr. President, it is simply a question as to how we shall reach the end which all of us desire to attain. I believe that the action taken yesterday will promote, rather than discourage, the removal of these obstacles to international trade that forms so large an element in the distress which oppresses the entire world at this time.

Mr. TYDINGS. Mr. President, I have such a high personal regard and admiration for the talents and independence of the Senator from California [Mr. JOHNSON] that it is with real reluctance that I rise to oppose the pending proposition.

I desire to offer an amendment proposing to amend the amendment of the Senator from California by adding a new section—

The PRESIDENT pro tempore. An amendment to the amendment is now pending.

Mr. TYDINGS. To be called up as soon as the pending amendment is disposed of. It will read as follows:

Insert at the end of the pending amendment the following:
"Sec. —. And that hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

It is perfectly apparent that it is silly to try to keep the trade of other nations out of the United States and at one and the same time appropriate money to produce crops which we must sell to other nations. If we are going upon the policy of complete and absolute isolation, then let us stop producing more than our people can consume. If we are going upon the policy that we must sell these agricultural surpluses in the markets of the world, then, of course, we ought not to put any other trade barriers in the way of that pursuit.

Now, let us see whether or not it is profitable for this country to engage in a policy of isolation.

First of all, in 1929 we sold to foreign countries \$5,240,000,000 worth of American agricultural and industrial products.

How much did they sell us? They sold us \$4,399,000,000 worth. There was a balance of trade in favor of the people of the United States of \$1,000,000,000 a year. Yet evidently men in this body think it wise to destroy our markets, even though we are selling more to our customers than our customers are selling to us.

In 1930 we exported \$3,843,000,000 worth of American goods to other countries. They sold us \$3,061,000,000 worth. There was a balance of trade in our favor of \$800,000,000. Even to-day, with world commerce stagnated, we find that the balance of trade is still in our favor.

Mr. President, I am absolutely at a loss to understand, with a year's world supply of cotton carried over from 1932 to 1933, why, in the first place, we should appropriate any money to stimulate cotton production, because added production would only add to our problem.

I do not mean to say that there are not humanitarian reasons which impel us to override the sheer force of the economics involved, and I attribute to those who offer the crop-production loan measures the very best of intentions to help those people who are so distressed that they can not produce crops without, perhaps, a loan from the Government. But whether that be true or not true, we are but compounding the difficulties in the way to economic recovery in this country. If we are going to do everything we can to destroy our world markets, then let us stop appropriating money to produce crops which must be sold at no other place than in the markets of the world.

Mr. GORE. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. GORE. The Senator from Maryland says that to stimulate the production of cotton and, at the same time, to restrict the foreign market for cotton, is silly. Does the Senator make any point of that? [Laughter.]

Mr. TYDINGS. No. I think that the general observation could be carried, as we say in reference to income taxes, to broaden the base.

Mr. President, I represent an industrial State. My observation is that the industries of this country, impelled by the blind greed to hog all of the business, have brought the agriculturalist to his present sorry plight. We have run this country, not in the interest of all the people who produce wealth and sell it but in the interest of those who produce it in the factories in the cities of the United States.

Who buys the products which are made in the cities of the United States? The farmers of the United States are among the very best customers there are. Unless the farmers can sell something with which to get money, how are we ever to revitalize and revive the industries of our cities? We can not sell in the world market; that is admitted. Our world trade is gone, and through our tariff acts, and those of other countries, the farmers of our country have been

impoverished so that they can not buy the products of our own industry.

If that is helping to get us out of the depression, I simply can not follow the reasoning. Perhaps it is sound. I concede to those on the other side the best of motives, but I am absolutely unable to understand how there can ever be a revival of American industries until there is a revival of the purchasing power of the 30,000,000 or 35,000,000 people who live on the farms.

Mr. President, I went briefly into the agricultural situation of my own State the other day. We are a small State, it is true, but we are large producers of apples; and I find that 88 per cent of all the apples produced in the State of Maryland are sold to foreign countries, due to our proximity to the Atlantic coast. Great Britain buys about half of them from us, but we are not selling them many to-day. I find that of the apple crop 21 per cent is sold abroad and 79 per cent is consumed in the United States.

More than that, I find that 55 per cent of all the cotton produced in the United States was sold abroad in 1929, 41 per cent of the tobacco, 40 per cent of the typewriters, 40 per cent of the kerosene, 30 per cent of the copper, 33 per cent of the lard, 31 per cent of the lubricating oil, 29 per cent of the machinery, 28 per cent of the sewing machines, 23 per cent of the agricultural machinery, 20 per cent of the rye, 20 per cent of the locomotives, 18 per cent of the wheat, 14 per cent of the gasoline and naphtha, and 10 per cent of the automobiles.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. I wish the Senator would mention, if he has the figures there, the very large percentage of manufactured textiles that we ship abroad.

Mr. TYDINGS. I selected only a few of the articles, just to show that it is not only the agricultural products which are now glutting the home market but it is the industrial products, because our foreign market is gone; and on top of that we are passing bills further to impoverish the American farmer.

Mr. KING. That is to say, we can undersell even Great Britain and Germany and Belgium and France, large producers of textiles, and we annually ship abroad tens of millions of dollars worth of textiles produced or manufactured in the United States as well as semimanufactured commodities.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. ROBINSON of Arkansas. While all the changes to which the Senator has referred have been taking place during the first seven months of the present fiscal year, according to an Associated Press statement published in this morning's Washington Post the customs duties dropped from \$224,569,945 during the first seven months of the last fiscal year, to \$156,003,025 during the first seven months of the present fiscal year.

Mr. TYDINGS. Mr. President, I want to say that I do not blame the "wicked" foreign countries which have passed tariff acts against the United States. If I read the facts aright, every one of those tariff acts has been due to the fact that we beat them to it, and they simply retaliated. We passed the Dingley bill, and the countries of the world retaliated. We passed the Fordney-McCumber tariff bill, and again they sought to protect their own commerce. We passed the Smoot-Hawley tariff bill, and again new tariffs were levied.

Mr. ROBINSON of Arkansas. Mr. President, we complain that tariff barriers are too high, and propose to break them down by making them impregnable.

Mr. TYDINGS. The Senator is absolutely correct.

Mr. President, in my humble judgment, the process should be the reverse of the one upon which we are about to embark. I realize that it can not be accomplished now, with all the world locked up in water-tight tariff compartments, without a measure of cooperation, to stimulate and revive

world trade. But I would like to leave this thought with the Senate. Let us assume that we are going to live unto ourselves. Where, may I ask, is the American industrialist to sell the products of his factory? Does he not want the 40,000,000 men who live on our farms, does he not want the men who live in the 12 or 13 cotton States, to be in a position to buy? If he destroys their market where are they to get the money with which to buy the products we make in our large cities? As soon as we can restore some measure of purchasing power to the man who lives on the farm, just so soon will the wheels of industry begin to turn to produce the products which he will then be in a position to buy.

If the tariff is a good thing, to what a sorry pass it has brought us. All of the countries have the highest tariffs in all the history of the world; and what is the result? There are 12,000,000 unemployed in our very midst. There are only about half a billion dollars worth of foreign goods now coming into this country, where formerly the imports amounted to \$5,000,000,000. But when those foreign goods were coming into our country in superabundance we were shipping more out of this country to them than they were shipping to us, and when there was that reciprocity in trade we did not have 12,000,000 unemployed.

Now we have our tariffs, and practically no one can sell us anything, and we have all this poverty, all this distress, all this unemployment, 12,000,000 people pounding the streets asking for a place to earn a living.

Mr. President, I want to say in conclusion that if we are to embark upon a policy of embargo, then let us stop appropriating money to produce crops for which there is no sale in the United States. We must take one horn or the other of the dilemma. It is a sheer waste of public money to take \$150,000,000 and lend it to the farmers to assist them in producing crops when there is already a year's supply and when there is not a chance on earth of their selling the crops in the markets of the world as they are now constituted.

The PRESIDING OFFICER (Mr. Fess in the chair). The Senator's time has expired.

Mr. TYDINGS. I will speak on the other amendment.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. THOMAS of Oklahoma. Does the Senator from Maryland entertain the conviction that in making tariff rates for the United States we should consider our relations with our trading neighbors, the other nations of the world?

Mr. TYDINGS. Yes; as a basic proposition.

Mr. THOMAS of Oklahoma. Let me remind the Senator that when the present tariff law was being considered in the Senate I was a member of the Committee on Finance and was present when a large part of the hearings were held. As a member of the Finance Committee I furnished a number of copies of the House bill to some of my friends in foreign countries. I even sent copies of the bill to persons I did not know, in order that I might get their reaction as to the rates proposed to be placed on commodities coming from those countries with which we had to deal.

At that time I was taken severely to task by the great chairman of the Finance Committee for even undertaking to confer with representatives of foreign countries in the making of a tariff bill for the people of the United States. Does the Senator think that I was going too far in conferring with such representatives?

Mr. TYDINGS. No; I think—

The PRESIDING OFFICER. The Chair will state to the Senator from Maryland that there is but one amendment pending, and he has consumed all his time on that amendment.

Mr. TYDINGS. I have not spoken on the bill.

The PRESIDING OFFICER. The Senator asks unanimous consent to speak 15 minutes on the Johnson amendment.

Mr. TYDINGS. I will not ask unanimous consent, because I do not want to ask for myself a privilege which

would not be given to others. If my time has expired, I will relinquish the floor.

Mr. JOHNSON. Mr. President, I suggest that we clarify the atmosphere as to what the unanimous-consent agreement means. I do not want to take the Senator from Maryland off the floor unless the unanimous-consent agreement absolutely requires it.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. I have offered an amendment, and I addressed myself to that amendment. It is true I lopped over on the amendment offered by the Senator from California, but I would like to know whether I have not 15 minutes on each amendment?

The PRESIDING OFFICER. The Senator must remember that the amendment he offered is not pending, and, of course, would not be in order at this time.

Mr. TYDINGS. I will speak on it when it is in order.

Mr. SMOOT obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me to ask a question?

Mr. SMOOT. I yield.

Mr. WALSH of Massachusetts. In view of the debate that has proceeded yesterday and to-day in reference to imports and exports, I would like to have the opinion of the chairman of the Finance Committee on this aspect of the question: The information which comes to me from business men is that it is no fair criterion, under present conditions, to refer to imports and exports in terms of dollars, that the only fair and just criterion is to consider them in terms of tonnage or units. For instance, it is claimed that while two years ago a straw hat imported from Italy would have cost 50 cents in our currency, to-day two or three may be imported for the same price. I would like to have the Senator's opinion, as the chairman of the Committee on Finance, as to whether it is fair to judge imports in terms solely of dollars.

Mr. SMOOT. Mr. President, I will say to the Senator that, of course, it is not fair. But let us take the statements made by Senators themselves and let us compare the importations for the years 1925 to 1932, inclusive, and the exports as well. It will be seen that every year the proportion of imports and exports is about the same, not as to the total amount of business done but the percentage of difference between the amount of exports and imports is about the same. So all the criticisms because of the fact that it is a tariff bill fall to the ground. For instance, the following table shows clearly the point to which I have just invited attention:

Total value of exports and imports, 1925 to 1932, inclusive
(Thousands of dollars)

Calendar years	Imports	Exports
1925.....	4,226,589	4,909,848
1926.....	4,430,888	4,808,660
1927.....	4,184,742	4,865,375
1928.....	4,091,444	5,128,356
1929.....	4,399,361	5,240,995
1930.....	3,060,908	3,843,181
1931.....	2,090,635	2,424,289
1932.....	1,322,745	1,617,877

In other words, Mr. President, the table shows the condition of business not only in our own country, but in the world. Senators may charge it to the Smoot-Hawley tariff bill if they please, but taking the year 1932, for example, why were the imports less and why were the exports less? It was because of the conditions prevailing in the business world.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMOOT. Certainly.

Mr. TYDINGS. What difference does the condition of the world make if we are self-sufficient and living unto ourselves? What difference does it make what the rest of the world is doing? Is it not our policy to let the rest of the world go and to live unto ourselves?

Mr. SMOOT. The Senator ought to know that the depression is world-wide. It is not only in this country but throughout the whole world.

Mr. TYDINGS. But it can not affect our trade because that has all been excluded. Why are we not prosperous? Why is there a carry-over of wheat? Why is there an excess of cotton?

Mr. SMOOT. Simply because the people have not the money to purchase.

Mr. TYDINGS. Why do they not have the money? Is it not merely because they can not sell their crops in the markets of the world where they have been accustomed to sell them?

Mr. SMOOT. And they can not sell them in the markets of the world because there is no money to buy. There is an overproduction everywhere. People are not living on the same high standard and spending as much money as they have always done in the past in the United States. The Senator knows that he himself is not expending as much money as he used to spend. No Senator of the United States is expending the same amount of money, no matter whether he has the same income or not.

Mr. FLETCHER. Mr. President, may I ask the Senator from Utah a question?

Mr. SMOOT. Certainly.

Mr. FLETCHER. All through the years has not the balance of trade been in favor of the United States?

Mr. SMOOT. Every year in about exactly the same proportion; so the world trade has fallen in the same proportion as our own trade has fallen in the matter of imports and exports. It can not be charged to a tariff law.

Mr. President, if I had the time I would like to go into the question of dutiable imports and of our exports and show the conditions in various countries and why the changes have been made. If any Senator will stop to consider it, if he will give the least consideration to conditions in the world generally, and in the United States in particular, and then take the actual figures as shown by our own Government, he can see why the trade of the world is less than it has been in the past.

I do not want to get into a tariff discussion at this time, but if there was ever a time in the history of the United States when the United States and the American people needed a tariff, it is to-day. God help the country if we had not had one! We would be just about as bad off as Europe, and probably a great deal worse. After all our credit was gone and after all the money we had accumulated in the past had been expended, we would be worse off than any of them.

Mr. President, I merely desired to say this much in answer to the Senator from Maryland [Mr. Tydings] in relation to the question he was discussing.

Mr. ODDIE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ODDIE. What is the pending question?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. ODDIE. I demand the regular order.

The PRESIDING OFFICER. The regular order is demanded. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California. [Putting the question.] The yeas seem to have it.

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Brookhart	Costigan	George
Austin	Bulkley	Couzens	Glass
Bankhead	Bulow	Cutting	Glenn
Barbour	Byrnes	Dale	Goldsborough
Barkley	Capper	Davis	Gore
Bingham	Caraway	Dickinson	Grammer
Black	Clark	Dill	Hale
Blaine	Connally	Fess	Harrison
Borah	Coolidge	Fletcher	Hastings
Bratton	Copeland	Frazier	Hatfield

Hayden	McKellar	Robinson, Ark.	Thomas, Okla.
Hebert	McNary	Robinson, Ind.	Townsend
Hull	Metcalf	Russell	Trammell
Johnson	Moses	Schall	Tydings
Kean	Neely	Schuyler	Vandenberg
Kendrick	Norbeck	Sheppard	Wagner
Keyes	Norris	Shipstead	Walcott
King	Nye	Smith	Walsh, Mass.
La Follette	Oddie	Smoot	Walsh, Mont.
Lewis	Pittman	Steiwer	Watson
Logan	Reed	Swanson	Wheeler
McGill	Reynolds	Thomas, Idaho	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California.

Mr. BLAINE. Mr. President, the vote not having been announced, I assume debate is in order. I desire to explain briefly the amendment which I have offered to the amendment of the Senator from California.

At the outset let me emphasize that the language which I propose to insert in the pending amendment is the language which has been adopted by the Congress and applied to purchases by the War Department. I want to read that language. The restrictions as to articles of the growth, production, and manufacture of the United States were classed as general legislation and became the law on March 8, 1932, and apply only to the War Department. This is the language:

In the expenditure of appropriations for the military or non-military activities of the War Department, the Secretary of War shall, unless in his discretion the interest of the Government will not permit, purchase or contract within the limits of the United States—

Now note this language—

only articles of the growth, production, or manufacture of the United States.

I propose to incorporate in the pending amendment that language which has been approved by the Congress. The Senator from Pennsylvania [Mr. REED] on yesterday said that the law applicable to the War Department was working very smoothly and satisfactorily and that it had accomplished the purposes intended to be accomplished. I do not want this amendment to go beyond the policy already established by the Congress, for if we do we are going to discriminate as against many American industries. I understand, of course, as the Senator from Connecticut stated yesterday, as to the particular product of paper, for instance, it would not materially affect the paper industry because of the small amount that may be used by contractors in the construction of public works, but it would be a discrimination just the same against some particular industry or industries. Not only the paper industry is concerned but the furniture industry is concerned, and there are other industries concerned. Now it is proposed to discriminate as against those industries.

The Senator from California contends that the language he uses in his amendment is broad enough to take such industries out from under the amendment. I want to say to the Senator from California that I am somewhat familiar with the paper industry; I have my own judgment respecting this matter; and my judgment is the judgment of 237 paper mills of this country which are manufacturing paper from foreign pulp or pulpwood. Their judgment is that to the extent of the purchases that are made by the Government within this amendment it will actually operate as a discrimination against their product. That means a discrimination against American stockholders of industries; that means a discrimination against American workingmen; a discrimination against all those who are interested as Americans in the paper industry.

I am not limiting it to the paper industry alone, but that is the outstanding industry that would be affected. It is also true that the furniture industry would be very vitally affected, and perhaps other industries; but I have used this one illustration so that I might point out how unfair it is to pick 2 or 3 or 4 industries and place a discrimination against them.

Now, let me analyze the amendment offered by the Senator from California. It reads:

SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be—

All paper manufactured out of pulp or pulpwood has but one constituent part, and that is wood; there is no other substance in the product. Therefore that provision of the amendment directly and expressly excludes the paper industry, the 237 paper mills of the country, from selling their product to the Government or to a contractor of the Government. I do not know to what extent it would injure them; but I am not so much concerned about that as I am concerned about the discrimination, no matter how great or small it may be.

The Senator from California in private has pointed out the qualifying clause—

Unless the head of the department . . . shall determine it to be inconsistent with the public interest.

But there is no public interest involved with respect to the particular commodity to which I refer, in any respect whatever. It has also been suggested that the words "or the cost to be unreasonable" might save the situation, but I point out that the cost of paper manufactured by the paper mills importing pulp and pulpwood is substantially the same as the cost of paper manufactured by paper mills which manufacture their paper from domestic pulpwood. So that does not protect them. Then the amendment further provides:

This section shall not apply with respect to articles, materials, or supplies for use outside the United States—

I will omit some of that language—

or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in commercial quantities and of a satisfactory quality.

Let me point out that that exception does not protect these industries. There are commercial quantities of pulpwood in this country. The western coast has increased its production of pulpwood several hundred per cent. As I recall the testimony before a House committee the other day, there has been an increase of about 350 per cent in that production of pulpwood. There is plenty of pulpwood in this country for the time being to supply all the pulp mills on the west coast and perhaps in the lower reaches of the Mississippi Valley; but, as I pointed out yesterday, the excessive cost of transportation prevents that pulpwood being available to the paper mills in the East and the Middle West and the upper reaches of the Mississippi Valley. So that is no protection. The department can not hold that there is not a sufficient commercial quantity, for there is; but the transportation cost is the thing that bars the use of that pulpwood for the eastern and middle western and upper Mississippi Valley paper mills.

And of a satisfactory quality.

The quality of paper, of course, it is obvious, is identically the same.

It is the judgment of 237 paper mills of this country—and, from a careful analysis of this amendment, I concur in their judgment—that none of the exceptions, none of the qualifications protect that industry; and it does not protect the furniture industry. I have not the time to go into a discussion of that question with respect to the use of hardwood in the manufacture of desks and chairs which may be obtained under contract and used by the Government.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield.

Mr. REED. It occurs to me that reasonable protection would be given in the cases such as the Senator is discussing if in line 20 of the amendment of the Senator from California, after the word "in," we should insert the words "sufficient and reasonably available," so that it would read—in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

It seems to me that that would meet the situation better than the suggestion of the Senator.

Mr. BLAINE. That might obviate the specific objection respecting the paper industry, but I do not know whether it would meet the objection of other industries. I think, however, it would be much more satisfactory, I submit to the Senator from Pennsylvania, to follow the language which he used in the bill which became a law respecting the purchase of supplies for the War Department. As the Senator said yesterday, that law has worked smoothly, it has been satisfactory, it has effectuated the purpose, the language is well known, it has been interpreted by the War Department, it has been interpreted by the Comptroller General, it has become the standardized language respecting the subject; and why not use the standardized language?

Mr. REED. Mr. President, if the Senator will permit me to interrupt him further, let me say that I think it works in the War Department because a very sympathetic group of officials are administering it. The Quartermaster General, for example, is warmly in sympathy with it. I should like to have incorporated in the law a provision which would protect us in case we did not have such a sympathetic administration. I am thinking of a case like this: It will be remembered in the tariff hearings we were told how cases of watches were brought in separate from the works and then the cases and works were put together, an operation which requires only a minute or two. Under the Senator's amendment such an article will be considered as having been manufactured in the United States, and we ought not to leave the law so wide open.

Mr. BLAINE. It is identically the same language.

Mr. REED. In the case of the provision as to War Department supplies that is true, but the amendment of the Senator from California would protect against such devices as that, and we do not want to make a law that will be easily evaded.

Mr. BLAINE. Let me point out—I do not know whether the Senator's illustration is according to the usage or not—but let me say to the Senator from California that the specific evil to which he referred on yesterday, and according to telegrams which I am receiving and according to gentlemen who are awaiting the time when I may discuss the matter with them, has to do with the electrical equipment and machinery to be used at Boulder Dam. That gave rise, to a large extent, to the promotion of this type of legislation.

The language which I have proposed is just as protective for American industry in that particular instance as is the language used in the amendment proposed by the Senator from California.

Mr. REED. I think the language used by the Senator from California in his amendment would be more effective.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. BLAINE. Mr. President, I have not spoken on the bill.

The PRESIDING OFFICER. The Senator is recognized for 15 minutes on the bill.

Mr. REED. Mr. President, will the Senator from Wisconsin permit me, in the time to be charged to me, to inquire of the Senator from California whether he would be willing to accept the amendment which I have suggested?

Mr. JOHNSON. I think so.

Mr. REED. May that be understood to be done at this time?

The PRESIDING OFFICER. Does the Senator from Pennsylvania offer an amendment?

Mr. REED. It is an amendment to the language proposed by the Senator from California, who undoubtedly has a right to modify his amendment until the time when a vote shall be taken on it.

The PRESIDING OFFICER. An amendment is not in order if it is offered at this stage.

Mr. REED. I am not offering it; I am asking the Senator from California to accept it.

Mr. JOHNSON. Mr. President, I accept it. The suggestion, as I understand, is in line 20, after the word "in," to insert the words "sufficient and reasonably available." I accept that, because it does not interfere, in my opinion, with the general specific purpose of the amendment.

The PRESIDING OFFICER. The Chair understands that the Senator from California modifies his amendment as indicated.

Mr. BLAINE. Mr. President, I want to inquire of the Chair whether the time of other Senators is running against me?

The PRESIDING OFFICER. The Chair will not so regard it.

Mr. BLAINE. Mr. President, may I have the exact language as stated by the Senator from California? In the confusion I did not understand it plainly. The words are to be inserted, as I understand, in line 20.

Mr. JOHNSON. In line 20, page 2, after the word "in," the words suggested by the Senator from Pennsylvania, as I followed them, are "sufficient and reasonably available." That is the insertion.

Mr. BLAINE. I thank the Senator.

Now, Mr. President, I wish to address myself to the proposition which the Senator from Pennsylvania has stated. He stated that, in his opinion, the language which I propose does not sufficiently protect American industries respecting the furnishing of electric equipment for Boulder Dam. I want to point out that the words, "if manufactured in the United States," applying to the machinery that must be used at Boulder Dam or in any public building where there is electrical equipment or whatsoever it may be, are effective so far as that specific instance is concerned.

Mr. President, I do not want to take all the time allotted to me upon the bill. I have endeavored to explain the purpose of this amendment, and to point out that it is the standardized language used in the War Department supply bill. It has worked satisfactorily, according to the statement of the Senator from Pennsylvania [Mr. REED]; and it is the best policy, in my judgment, regarding controversial questions of this kind, to follow language that to a certain extent has become standardized and has been interpreted by the department and by the Comptroller General. By following that course we avoid confusion, and that is in the interest of efficient Government administration.

Mr. VANDENBERG. Mr. President, it seems to me that the vice of the amendment submitted by my able friend from Wisconsin [Mr. BLAINE] is that it opens the door to controversy respecting the identity of commodities which it is proposed to proscribe. It dilutes the mandate.

We are repeatedly reminded that the language proposed by the Senator is the standard language which has been used in previous efforts of the same character in respect to four other departments of the Government. I want to call the Senator's attention to the fact that that is one of the precise reasons why I think it is dangerous to leave this particular door open if we intend to do a thoroughgoing job; and I want to illustrate that to the Senator with just one out of many examples. It will point the proposition which urges against the amendment submitted by my friend from Wisconsin.

There is one public contract which was let about 18 months ago, perhaps two years ago, for the construction of a very important and expensive public building in another city. The contract was let under these limited restrictions to which the Senator from Wisconsin has referred and which

he thinks are sufficient for these purposes. It was the expectation that American products exclusively should enter into these work-relief expenditures; and certainly if there is any point in our public economy where we are entitled to insist upon exclusive American products, it is the expenditure of tax funds at a time like this. I do not argue for a universal embargo in all our trade. I am speaking at the public expenditure of public money. So here we had a project which presumably, under the limited proscriptions to which the Senator has referred, was to be constructed out of American commodities.

What happened?

When they got all through, and the building was up, and they were ready to dedicate it, on the steel window frames throughout that building appeared the mark, "Made in England." Immediately there was an argument as to whether or not a window frame made in England could qualify under a public-building contract which was supposed to be confining its beneficiaries to America. As I recall the situation, the argument finally disclosed the fact that the frame had come in on the theory that it was a raw product or a partially processed product, and therefore, since there was some casual work upon the frame after it had been imported, that it could qualify as an American product.

Mr. BLAINE. Mr. President, will the Senator permit a brief observation there?

Mr. VANDENBERG. Yes.

Mr. BLAINE. This character of legislation is before the Committee on Expenditures in the Executive Departments. I think it is understood—I can say this without any question of its veracity—that the Comptroller General holds to the opinion that when discretionary power is left to the head of a department there is more difficulty in the administration of the law than when some specific rule is set up by the Congress.

I think the Senator's argument that this language would promote controversy is far afield from the facts as disclosed by the Comptroller General.

Mr. VANDENBERG. Mr. President, I totally disagree with the Senator's analysis. It seems to me that if we had a clean-cut and specific rule that our public expenditures, at least during this time of stress, shall be confined to American industry and American labor, there would be no chance whatever for argument; whereas if we adopt the Senator's amendment, which provides that these commodities purchased with American tax funds can be either grown, produced, or manufactured in the United States, I submit that we have precipitated a constant invitation to argument as to whether the processing may not have adequately qualified an import within the meaning of the rule, whereas otherwise it could not have qualified and was not intended to be permitted.

I renew the example that I submitted to the Senate a few moments ago: There is at this moment a great public building in this country which was supposed to have been built on the basis of this proscription of foreign commodities, in which every window frame is stamped "Made in England"; and, of course, after the building was up the window frames could not very well be torn out, and there was nothing left except a post-mortem argument. I do not want to amend the Johnson amendment in the interest of such arguments.

Mr. President, if that situation had been reversed—and I think this is pertinent—if this had been a British public project which had been proceeding under recent British regulations, there would not have been any chance whatever for something made in America to have crept in under any such possible construction of the situation. You can read all of the orders that have been handed down upon this subject by the British Government relating to public works and the use of materials in the construction in the United Kingdom of public works of all forms and description—public buildings, roads, and everything else—and you find that the following has been a typical condition of these grants.

I am now quoting a Treasury minute dated September 11, 1929, instructing the advisory committee in charge of grants under the development act of 1929, requiring—

That all materials—

There is no "or" about it—

all materials required for the assisted work will be of British origin, and all manufactured articles of British manufacture.

"Origin" and "manufacture"! Not "or"! A mandate, not an argument! The only point I make of it is that this proposition is neither new nor novel. It is no affront.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. GLENN. Is there any limitation in that as to reasonableness of cost, or any exception at all?

Mr. VANDENBERG. I will complete the language.

Subject, however, to such exceptions as the committee may regard as necessary or desirable in any particular case, having regard to all the circumstances, including the comparative price of British and foreign articles.

It is approximately the same general reservation which is proposed in the pending amendment as originally submitted by the Senator from California.

Mr. GLENN. Criticism was voiced against the amendment submitted by the Senator from California upon the ground that it was not sufficiently definite. It seems to me it is certainly as definite as the British regulation from which the Senator from Michigan is quoting.

Mr. VANDENBERG. The Senator is correct. It is sufficiently definite to do the job, whereas the amendment submitted by my friend from Wisconsin in perfect good faith—and nothing I am submitting is in any remote criticism of his point of view—inevitably opens the door to evasion, to controversy, to argument, and to doubt.

It occurs to me that in a time like this, when we are beset upon all sides with an almost inescapable and unavoidable responsibility to provide employment for unemployed American people, we have a right to draw the line, without any "or" in it anywhere, in defense of American industry and American employment, when we are spending American tax funds. Why have an American make-work program which makes work in Europe or in Asia? I am not blind to the need for export trade. I am speaking solely of Government funds and their expenditure.

Mr. President, the American Treasury is not the world's community chest, although too frequently it seems to be looked upon in that aspect; and at this moment, with a workable proposition for domestic protection, submitted by the Senator from California, I submit that the Senate should stand upon the proposition as it is submitted and make it a complete success.

Mr. BLAINE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. VANDENBERG. I yield.

Mr. BLAINE. I know the Senator does not intend to exaggerate.

Mr. VANDENBERG. I hope not.

Mr. BLAINE. The Senator read the order of the British Government. It must be perfectly clear to the Senator that the British Empire does not contain certain essential raw materials that are used in British construction. There must be some exceptions certainly. I doubt that that testimony is entitled to very much weight.

Mr. VANDENBERG. Well, I have read the Senator the order, and it will speak for itself in behalf of my argument.

This is not rightfully a general tariff debate, although Democrats across the aisle would make it such. So far as tariffs go, the depreciated currencies of the world have left us almost defenseless. This lapse in protection needs correction. If this proposal submitted by the Senator from California is a step in protective directions, so much the better. But primarily it is an employment measure conceived in the notion that American tax money should sustain American labor in a moment of American crisis and American exigency. I admit that this is traditional Republican

doctrine. I admit that Democratic attitudes are supposed to be otherwise. But I speak for American doctrine and American attitudes, in this particular situation, regardless of partisanship or predilections.

Mr. WALSH of Massachusetts. Mr. President, many who are friendly to the purpose of the original amendment offered by the Senator from California have objected to the words on page 2, line 20, "in commercial quantities and of a satisfactory quality."

It has been suggested to me that an amendment ought to be made to that language incorporating the language used in the tariff acts to accomplish the same end. That language is:

In such quantities as to meet the consumptive demand of the United States.

This bill applies to the Philippine Islands—see subparagraph b of section 1—and I am wondering whether the language "in commercial quantities" actually takes care of sisal, for instance, which is grown in the Philippines and perhaps in commercial quantities, but not in sufficient quantity to meet the consumptive demand in the United States. Flax is grown in the northwest section, but not in sufficient quantities to meet the consumptive demand, although it may be said to be grown in commercial quantities. Manganese is probably produced in commercial quantities, but, of course, such production is wholly inadequate to meet commercial demands. Hides in the southwest section are grown in commercial quantities, but certainly not sufficiently to meet consumptive demands. The latter situation would more particularly affect some shoe manufacturers; the sisal situation would relate to cordage interests, and so forth.

Would it not be better, therefore, to amend section 2, line 17, as follows:

By striking out, in line 17 of section 2, the words "in commercial quantities" and by inserting in lieu thereof the following, "in such quantities as to meet the consumptive demand of the United States."

This is the language followed by the tariff acts and by the Tariff Commission and others in expressing the same thought with relation to similar matters, and certainly would more fully express the thought of those who are trying to obviate conditions which might arise under the language, "in commercial quantities."

That language was not acceptable to the Senator from California [Mr. JOHNSON], with whom I conferred with reference to the matter. He did accept several other amendments that I proposed, which were published in the RECORD of January 19, with a memorandum explaining them. The amendment just offered by the Senator from Pennsylvania [Mr. REED], and which has been accepted by the Senator from California and is now incorporated in the original amendment, changes the language on line 20, page 2, by inserting certain words in front of "in commercial quantities and of a satisfactory quality," so that section 2 will read, on line 20, as follows:

In sufficient and reasonably available commercial quantities and of a satisfactory quality.

I think that amendment, which the Senator from California has accepted, has greatly improved the bill and has met the objection of those who have conferred with me. I do not know that it goes as far as the Senator from Wisconsin proposes to go; but it certainly is an improvement, and removes the objections that have been presented by those who are friendly to the measure.

Mr. BYRNES. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from South Carolina.

Mr. BYRNES. Can the Senator tell us the difference between the proposal of the Senator from California and the existing law which was enacted by the Congress last June, which was added to this very bill carrying appropriations for the Treasury and the Post Office Departments, and which provides:

In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the

case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable. In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

What is the substantial difference between the existing law—which was passed, according to the RECORD, unanimously by the Senate—and the bill that is now pending?

Mr. WALSH of Massachusetts. There is in principle practically no difference; and that is why I was surprised yesterday to find Senators who voted for this amendment when it was offered a year ago objecting to the Johnson amendment. The object the Johnson amendment seeks is exactly the object that was taken care of in the appropriation bill of last year.

Mr. BYRNES. As I understand, the Johnson amendment would extend the action to departments other than the Treasury and Post Office Departments.

Mr. WALSH of Massachusetts. Exactly.

Mr. BYRNES. I will say to the Senator that when that amendment was added last year, it was prompted by the fact that the Post Office Department was refusing to buy cotton twine produced in this country because they did not believe they could give preference to the American product, though they really wished to do so. That was the inspiration for putting in the bill that amendment advocated by the Senator from Georgia. On the floor of the Senate the bill was amended. During the last few years the Postmaster General had wrongfully interpreted the law as not requiring him to exercise his discretion in favor of American cotton.

Mr. WALSH of Massachusetts. What we are doing, therefore, is merely to extend an existing law.

Mr. BYRNES. As I understand it, it does nothing other than extend to other departments the law which is now on the statute books as to the Treasury and the Post Office Departments.

Mr. WALSH of Massachusetts. I agree it does nothing further than that.

Mr. BLAINE. Mr. President, permit me to suggest to the Senator from South Carolina that the same language as that used in the Post Office and Treasury Departments bill is incorporated in the general law as it relates to the War Department, in the matter of the purchase of material. I was endeavoring to make the language of the pending amendment conform to the standardized language which has been adopted as a policy by the Congress. I think there would be less confusion.

Mr. BYRNES. I did not know that it applied to the War Department.

Mr. SMITH. Mr. President, I have heard the discussion of the question now before us, and I was particularly interested in what the senior Senator from Utah [Mr. SMOOT] had to say, to the effect that if we ever needed a tariff, we need one now. He then went on to attempt to show that the foreign imports and exports, though diminishing, had kept their percentage relation.

It seems to me to be a strange argument that the imposition of tariffs does not diminish or prohibit the importation of goods; that no matter how high we may raise them, the same articles come in.

Mr. President, the figures read by the Senator from Maryland [Mr. TYRINGS] were hardly necessary to convince the Senate that the prosperity of this country depends upon the profitable exportation of our surplus goods. It makes no difference that the Congress in previous sessions may have enacted laws comparable to the proposed act; the question for us to determine is whether they were right or wrong then. The fact is that there is no reason why we should perpetuate it when we know its continuance would be detrimental to the interests of this country.

I am not going to attempt to speak at length, but we have at last arrived, in the imposition of our tariffs, to the 7th

power. We propose to supplement the high tariffs with the inauguration of embargoes, and provide that our departments, in the exercise of their administrative power, shall not buy from any foreign country any materials which are produced in this country. That is equivalent to serving notice on foreign countries that we do not intend to trade with them except in cases of dire necessity, when we can not under any conditions produce the things we need.

Reference was made to the exportation of our farm products. Sixty per cent of the American cotton crop is exported. It has held the balance of trade in favor of the United States for more than 75 years. In 1928 the gross value of the American cotton crop was \$1,528,000,000. In 1929 it was \$1,504,000,000. In 1930 it had shrunk to \$759,000,000, and the same sized crop in 1931 had shrunk to \$500,000,000, entailing a loss in the purchasing power of 20,000,000 people of \$2,500,000,000.

What did that spell? The distribution of that primary capital carried with it, of course, ten times that amount of credit. For every hundred dollars in actual cash every business man knows that there may be ten times that amount of credit based upon the actual cash investment, plus the thing that is to be produced or the trade that is to be made. So that the \$2,500,000,000 that was lost meant a credit of more than ten times that amount.

What has been the result? Not bank failures in the South alone but bank failures throughout the United States, because the amount of money brought into this country in return for our exportations of cotton is not exceeded by that representing the value of any other importations brought in. So that it is not a question of a southern product; it is a question of an American asset that has not a competitor on the globe.

We hear much about the competition of foreign countries. I state to-day without fear of contradiction that there is not a pound of cotton produced in the world, even that raised from American seed, that classifies in character, tensile strength, and manufacturing properties with that produced in the Southeastern States of the United States. But we are asked now to embark upon a program that would shut out from exportation to the world at large a commodity which not only holds the balance of trade but spells the prosperity of American industries as well as of American farmers.

Mr. President, when we get money in return for our exported cotton, we buy the products of our domestic manufacturers. Now the exportation of cotton has shrunk to such a point that the price of that article is from \$25 to \$30 a bale below the cost of production. The result is that the manufacturers of the East can not sell their manufactures, though they produce no exportable surplus; because the exportable surplus of our farm products has dried up, there is no return, and therefore the purchasing power that would be distributed over this country amongst the masses is not available; hence from one side of this country to the other we are feeling the grip of the retaliation of other countries against the iniquitous, the silly, the asinine, performance of our attempting to live within the borders of the United States.

I know how men can grow eloquent when they have a protective tariff that shuts out all foreign competition, so far as sale in America is concerned, and can mulct the American people at any price they see fit, through combines, and leave the balance of us to do the best we can under that iniquitous system, when our life depends upon the good will and the open markets of the foreign world. Yet men stand on this floor and invoke a tariff so disastrous as the one that is already in existence, and then in aid of that seek to set the precedent and the principle of an embargo against foreign countries.

If we are denied an export market, then why do we stand here, as the Senator from Maryland indicated to-day, and say, "This is a world-wide thing?" We declared that we were so sufficient unto ourselves that we could raise a tariff wall around ourselves and deny the importations of foreign countries, America for America, and "Buy American," and the result is bankruptcy from the Pacific to the

Atlantic, distress everywhere, food piling up until we are starving to death, clothing piled up until we are naked, and building materials piled up and we are homeless. That is the result of our attitude toward foreign countries.

Every man on this floor knows that when the war was over and the countries of Europe had no purchasing power in terms of gold, it was natural for them to look to the United States to allow them to exchange goods with us in order to rehabilitate the war-worn countries that were our allies. We promptly passed our antidumping law. For whose benefit? For the benefit of a little handful of protected manufacturers, against the interests of the laborers and the producers of the exportable raw materials here.

Two nations had more than 75 per cent of the monetary gold of the world. The foreign countries were our debtors. In place of our saying that we joined them to save democracy, immediately upon the cessation of the war we gave the lie to that expression and said we saved the world for autocracy, and put that idea into effect in the United States to the nth power.

Mr. President, as a Democrat, sometimes I feel very lonely in this body. Have we degenerated into a body of opportunists? Have we forgotten the fundamental principles upon which prosperity ultimately is to come and to abide perpetually? Here we are, grasping at any kind of a thing that seems to give some little relief to me and mine, while the masses of the people are not considered.

It has been said we should refer to certain leaders who have agreed upon a certain course. I have said, these are the leaders I have been hearing of for the last 24 years, since I have been a Member of the Senate; and if they have led us to where we are, for God's sake let us get a new bunch.

If this is the result of their leadership, then God save us from any further leadership on their part. If the result of a high protective tariff has led us to where we are, then God knows it is time for us to try some other principle. I, for one, resent the attitude of my colleagues on this side of the Chamber—not individually, but as a party—when they join those on the other side to put into operation a principle that we have denied as being a correct principle of government through all the history of party government in this country.

Mr. President, some wise one said, "A false principle wrought into real life will work itself out in disaster." It makes no difference how plausible it may seem at the time of its adoption, it makes no difference how the circumstances may justify its incorporation into our real life, you and I in the Capital of America have no right to incorporate into the laws of this country that which we know by experience and logic and reason has been disastrous to the masses of the people and of questionable benefit in the long run to the protected interests.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. SMITH. Mr. President, I have said this much. I had intended to try to show just how this condition is drifting. I perhaps have been derelict to my own self-respect by not voicing my sentiments on some of the things that have been introduced here by what the people thought was a body of sensible men.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin to the amendment of the Senator from California.

Mr. COPELAND. Mr. President, I hope the Senator from Utah will not leave the Chamber for a moment.

Mr. KING. I am compelled to leave. I have some people waiting for me.

Mr. COPELAND. Before the Senator does leave I want to say he assumed a good deal in suggesting that I am in favor of this measure. I did not so indicate by my vote yesterday; and it was in all good faith that I asked him a question which I hoped he might answer and thus illuminate my own understanding of this matter. There are a number of matters which I do not care to discuss if the Senator is leaving the Chamber.

I am greatly concerned when I take up the details of our importations. In spite of what has been said by the Senator from Utah, I can not get the same comfort from the figures that he appears to get.

I find, for example—and it was this that I asked the Senator from Utah—that our imports of boric acid—I speak of that because it is a very common substance used in medicine, and used very extensively—from Italy have increased 1,490 per cent. On the other hand, there has been a material falling off in our domestic exports, amounting to about 1,000,000 pounds in the past year.

I suppose one can prove anything by statistics. But there are just as many figures to show that the Senator from Utah is mistaken as there are to fortify his position.

At the end of his remarks the Senator spoke about the American merchant marine. He told about how many of our ships are tied up because of the lack of export trade. Doubtless he is entirely unfamiliar with the fact that every nation in the world is making the same complaint. Bitter criticism has been passed only recently by British operators upon our policy of assisting the American merchant marine. The British Chamber of Shipping at a very recent meeting—a meeting held within six weeks—has passed resolutions condemning in bitter terms the policy of the United States in subsidizing and otherwise assisting our shipping. The British are feeling the pinch in their shipping activities. They are suffering from the economic depression, as we are, and likewise for our own activity.

Furthermore, Mr. President—and I want Senators to note this—the shipping interests of England, by solemn resolution, have recommended to the British delegates to the economic conference that they shall take positive action against the policy which we are carrying out in America. Also they are proposing that there shall be conferences of British delegates with the delegates of other nations in order that the economic conference may do exactly what British interests want done.

There was held in Ottawa recently, as everybody knows, the British Imperial Economic Conference. In that conference bilateral trade agreements were signed by those British countries which participated in the conference. Under the plan which was adopted the United Kingdom has decided and undertaken to levy duties on certain non-Empire imports and to control by quotas the importation of other products.

What has been the effect of the Ottawa conference?

I hold in my hand a letter which I received this morning from one of the great steamship lines sailing under the American flag, making reference to an address I made recently before the Sixth Annual Shipping Conference, held in this city, and I quote from the letter:

Am very glad to note that you spoke of the Ottawa Trade Conference, which certainly is a severe handicap we ourselves are feeling in decreased business carried by us to all British possessions, including the West Indies, Nassau, etc., and emphasizes that that agreement between England and her colonies has been doing and is going to do far more injury to American shipping than most people imagine.

That is what is going on. I am not sure whether the amendment proposed by the Senator from California is wise or not, but it certainly is a fact that American shipping is suffering materially by reason of what the British-speaking people did at the Ottawa conference; and, if we may rely at all upon these figures, which have been presented by the Commerce Department, American manufacturers are suffering by reason of the present economic situation, and suffering apparently in a greater measure than the manufacturers of other countries.

Mr. President, I did not rise to make any extended remarks. I was simply seeking to reply to the Senator from Utah. I realize that perhaps in the pressure of time he was not quite so yielding as is ordinarily his wont. I did want to say this much, however, because no question which can possibly be considered by the Senate is more important than the question of how to put men back at employment.

When we find almost every manufacturing establishment in America out of business, no smoke belching from the

smokestacks of most of these establishments, millions of men and women out of work, twelve or fifteen millions without employment, in my State a million families being supported entirely by charity, and the same thing as to increasing numbers throughout our country—it was testified this morning that nearly 5,000,000 families in America are now being taken care of by charity, representing 25,000,000 of our people—it is time that we thought seriously about any measure which has in it the hope of greater employment and the relief of human distress.

Mr. FESS. Mr. President, I am glad to hear the Senator from New York speak in the manner in which he has spoken.

Mr. JOHNSON. Mr. President, will the Senator yield to enable me to call for a quorum?

Mr. FESS. I prefer that the Senator should not do that.

The Senator from New York is a consistent Democrat, and is what I would call a protectionist Democrat. He is not alone in the Senate in that classification.

The Senator from South Carolina [Mr. SMITH], the Senator from Utah [Mr. KING], and the Senator from Maryland [Mr. TYDINGS] all have spoken on this amendment, as well as the Senator from Colorado [Mr. COSTIGAN]. These Senators are fine examples of advocates of unrestricted trade between countries. Their argument is logical if we concede certain premises, but very illogical unless we do concede those premises.

For example, if all the world is a neighborhood, and there ought to be no barriers at all along boundaries, that would only be presupposed on condition that the situations in all parts of the world are the same; that the same price we pay for labor in America will be paid in every other part of the world. If we had a situation of that sort, then I would agree with the Senator from Utah and the Senator from South Carolina that the barriers should be taken down; but that is a condition that simply does not exist. We have a different standard of living here from that which exists in many of the countries that compete with us. We want to maintain that standard, and the only way we can do it is neither to allow cheap labor to migrate to this country to compete with American labor nor to allow cheaply made goods produced by cheap labor to be sent here to come in competition with American-made goods produced at a high rate of wage.

Mr. COPELAND. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I have not much time, but I yield to the Senator.

Mr. COPELAND. Just this one moment, if the Senator will permit me.

I resent it when any man imputes to me a failure to follow Democratic principles if at times I advocate a protective tariff which protects the American workingman against the serf and pauper labor of Europe; and that is exactly my position.

I do not wish to take the Senator's time.

Mr. FESS. The Senator is not only right in that, but he has not any occasion to make an apology, because the early Democratic leaders, such as Madison, Jefferson, and Monroe, as well as Jackson, stood for establishing such a protective tariff as would make up the difference between the cost of labor in this country and the cost of labor in competing countries.

When there is no difference in the conditions, take down the barrier; there is no need of keeping them up; but if there is a difference, the only way by which we can maintain the American standard of living is to make the importing country pay the penalty in the form of a duty that will make up the difference between what we pay labor and what labor is paid in the other country.

We have legislated with that in mind. Our country has always been on a protective tariff basis, with the exception of a few periods. During most of our history we have been on a protective tariff basis. As far as the law now goes, we have sufficient protection if nothing is to be done except by law. But there is this difference: The countries which com-

pete with us under the burden of paying protective duties will get rid of that burden by simply depreciating their currency.

When they depreciate their currency, they cheapen labor, and, in the degree to which foreign countries have cheapened their currency, they have cheapened the cost of producing the things made by the labor paid in that cheap currency. So we have a situation where Great Britain, for instance, will produce an article costing \$1, and we produce it at a cost of \$1.30. Great Britain will have to pay a tariff duty of 30 per cent in order to bring that article into the United States. On the other hand, Great Britain goes off the gold standard, her pound drops from \$4.87 to \$3.40, or there is a reduction of 33⅓ per cent, and thus Great Britain cheapens the cost of her product 33⅓ per cent. In that way she is enabled to increase her exports to us, after paying the tariff duty itself. Even with the tariff law on the statute books, England can pay the duty, and then, by cheapening the cost of producing an article through cheap labor, because of cheap money, she can bring the article in in spite of the protection we have attempted to afford the American producer.

That is precisely what is done, and I wonder if the Senator from Utah, who continually in this forum expresses the idea that we can not export unless we import, is bidding for imports. If he is, then all he needs to do is to have us take down the tariff barrier, or allow countries competing with us to adopt a cheap-money standard. If those countries on a cheap-money basis produce articles in competition with us at a smaller cost of production than that at which we can produce them, their exports to this country will increase.

Mr. President, that is the explanation of the thousand per cent increase in importations to this country of certain articles, articles which were kept out at one time because of protective tariffs, but now, since the protective tariff has been absolutely nullified by the depreciated currency, the increase will be in some cases more than 1,000 per cent.

If we intend to maintain the employment of American labor, that can not be accomplished if a depreciated-currency country becomes an exporting country, and makes this country the market, and floods us with imports. That is precisely what has taken place. So far as the actual principle goes, there are many articles on which there are not protective tariffs, because the protective tariff has been totally nullified.

Mr. President, some of my Democratic friends have been arguing that we ought to impose our tariffs on the principle of the difference between the cost of labor in this country and in competing countries, and they have voted on that basis in the past. I want to say to them now that they would not in any way be inconsistent, under present conditions of depreciated currencies, in voting for the principle that we were buying in the United States in cases where American goods can be produced.

While I was not certain when the pending amendment was first offered whether it was not going too far, whether it was not reaching in some particulars to the extent of an embargo, and I would not want to go to that extent, I think the amendment is a movement in the right direction; and when 12,000,000 people are unemployed, at least we ought not to increase the unemployment by further increasing distress on the part of American industry by forcing it into competition with cheap-money countries.

Mr. President, it seems to me we have reached the point where every American ought to stand up for the employment of American labor rather than look across the lines to employ foreign labor.

Mr. PITTMAN obtained the floor.

Mr. BLAINE. Mr. President, will the Senator from Nevada yield to me to permit me to modify my amendment?

Mr. PITTMAN. I yield.

Mr. BLAINE. I desire to modify the amendment I submitted by inserting "and" before the word "or," so that it will read "articles of the growth, production, and/or manufacture of the United States."

The PRESIDING OFFICER (Mr. DICKINSON in the chair). The amendment to the amendment will be modified as suggested.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. The amendment now being modified, does not that give those who have discussed the prior amendment the right to discuss the amendment as now modified?

The PRESIDING OFFICER. It is the understanding of the Chair that a modification of an amendment does not entitle a Senator to another opportunity to speak on the same amendment.

Mr. PITTMAN. Mr. President, all of our legislation at the present time is abnormal. The conditions of the world are abnormal. It is almost impossible, under world conditions to-day, to apply principles which would be applicable in normal times.

The economic situation of the world is such that it has unbalanced all facts we used in times gone by in sustaining certain principles and policies. For instance, to-day the United States, and possibly France, to a certain extent, are the only countries in the world on the gold standard. Our standard of measure on the gold standard is from two to three times as high as the measure of most other countries. It is to-day one-third higher than the measure of values and property and labor, even in Great Britain. It is twice as high as the measure in Norway and Sweden, Argentina, and other countries.

Mr. President, as has been so ably stated, the difference in the costs of production in various countries has upset all calculation with regard to tariff protection. Let me illustrate that very simply. In the State of Washington wood pulp was being produced very economically, because it was a by-product of the logging industry. While commercial logs were being taken out, spruce trees would be taken out at the same time for pulp. All of the plants that were doing that are now closed down entirely, not due to any tariff situation, but due entirely to the depreciated currencies of the world as measured in international trade by gold.

A shipper from Norway, for instance, brings over a ton of pulp. He sells that pulp in this country for gold, he returns with the gold, and he buys two units of value in Norway currency with that gold, but it took only one unit of gold to produce that ton of pulp. In other words, there has been a profit to the Norwegian of 50 per cent just on the exchange of the Norwegian money for our gold-standard money. That difference runs all through the history of international trade at the present time.

For instance, take American cotton. We are selling more cotton to China to-day than we ever sold, but we are selling less cotton to Great Britain than we ever sold. It is reduced to almost half of what we sold, because Great Britain's sales of cotton piece goods to China and other oriental countries have dropped off two-thirds. That fall of two-thirds is due entirely to the difference in the exchange value of the Chinese money with higher valued money.

China is on a silver basis. Silver passes at par there, but when Chinese try to buy in some foreign country they have to exchange their money for gold-standard money or for other higher valued money. When Great Britain was on the gold standard the Chinese had to exchange four and a half of their dollars, the depreciated currency of China, for one unit of value in Great Britain with which to buy British goods.

We all understand what a depreciated currency means when a country is off the gold standard, but we never understood that there was a depreciation of a silver currency due to fall in the price of silver. In 1929 the sale of cotton piece goods shipped from Great Britain to China was 215,000,000 linear yards; then it dropped in 1930 to 64,000,000, and to-day it is half that. Consequently our cotton farmers here are injured in their export trade to Great Britain by reason of the depreciated-currency situation of China, India, and South America.

There is another thing, Mr. President. I voted against the last tariff bill before us. There were probably 30 gov-

ernments which at that time protested that if we raised the tariff they would retaliate. Many of our statesmen here did not believe they would retaliate. As a matter of fact, 49 countries retaliated.

It is useless for us to discuss what brought about that situation; it has been brought about. Every country in the world to-day is using every means in its power to prevent every other country from selling goods in its markets, and all countries are doing that quite successfully, largely by reason of the depreciated currencies.

Another thing, a country that sells to us for our gold does not buy our products here with that gold, because it can go to a country on a depreciated currency or a currency of a lower value and buy more goods there with such gold than here. There is no such thing as a balance of trade any more, because goods are sold for gold here and with that gold goods can be purchased in countries with depreciated currencies where the money will buy from a third to three-quarters more than it will buy here. That is the reason why the depreciated-currency countries have not had a rise in labor costs or material costs. It is due to the fact that the whole world, with the exception of two countries, is on a depreciated-currency basis, and those desiring to buy purchase in countries with depreciated currencies, and not here. For instance, the Norwegian who gets gold here for his pulp will not buy other things in this country when he can buy the same products he would purchase here in some other country for half the cost.

That is the condition now. We find to-day that the British Government is going farther and farther in its efforts to exclude every country, except the British Empire, from the markets of Great Britain. The other day a citizen of the United States tried to sell a plant which he had in Great Britain, and he was refused permission to sell because it was said it would take money out of Great Britain into the United States.

The British Government has gone farther and now requires that goods coming in from the Empire for sale must have at least 50 per cent of the products of the British Empire in the manufactured article and 50 per cent of the labor of the subjects of Great Britain therein.

It is all wrong. It is the effort to have the market entirely for ourselves, with the privilege of selling somewhere else, which has stagnated the surpluses of every country within the country itself, destroyed its trade, created an oversupply, and destroyed the domestic market. What can we do about it? There is nothing we can do about it until we can negotiate with those governments. With every country in the world having practically a tariff barrier like ours, with every country using every effort to exclude foreign goods, we have no other alternative. We have to do the same thing until sanity can be brought about in the world again and until we can negotiate reciprocity treaties such as Great Britain has negotiated with her colonies. That may come out of the economic conference, but if it is ever accomplished at all it will have to be accomplished out of negotiations in which each of the parties will yield some benefits to the others and each of the parties will receive some benefits.

I agree fully that the whole trouble in the United States and in the world to-day is the undisposed-of surpluses. The whole problem is a price problem. So long as the price of products is below the cost of production there will not be purchases. When there are not purchases, manufacturing institutions will not run. When they do not run, men will not be employed. When men are not employed, they will be thrown back into the class of nonpurchasers. That is what is going on. But we have no remedy for it now. The only remedy we will ever get is to place ourselves in the same impregnable position as the rest of the world has done, illogical as it may be, and then see if we can not reach some basis for reciprocity treaties and ultimately start the wheels of progress and business again.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Texas?

Mr. PITTMAN. I yield.

Mr. CONNALLY. What is the Senator's reaction to the proposal for reducing our own wall to meet the situation and thereby raising the prices of commodities to enable debtors to pay their debts and encouraging people who are hoarding money to bring it out because of the fact that if they do not bring it out it will reduce their opportunity in the future?

Mr. PITTMAN. If the Senator has in mind stating that a \$10 gold piece is a \$20 gold piece and considering contracts and obligations that are based on the present unit value of money, I will state that, in my opinion, it is totally impractical. If he has in mind the cheapening of the value of money by increasing the currency of the United States on a sound basis of metal, gold and silver, to whatever extent may be logical and reasonable, I am entirely in accord with him in that matter.

Mr. CONNALLY. Will the Senator point out how that can be done when there is plenty of money in existence, when the banks are full of money, but when, too, the trouble is that money is too high? There is no more money as long as that money is redeemable in gold, while we tie every dollar to a gold dollar, and leave money still high.

Mr. PITTMAN. I think it is very unfortunate that the great bankers and economists of the country have been so selfish and so negligent that they have not suggested such a policy. I agree that their statements with regard to the circulation of currency are deceptive. Mr. Ogden Mills the other day publicly stated that there is \$600,000,000 in the banks of the country in excess of the legal reserve. He says that is good for an expansion of \$9,000,000,000. But at the same time he says we can not get it out. Of course, it can not get out, and for two reasons.

The people of the world do not believe to-day that there is enough gold to pay, if it is demanded. As long as they thought there was sufficient gold reserve, it was enough; but when they begin to doubt it, then it is not enough. We have \$600,000,000 with a basis of \$9,000,000,000 of credit that can not be used because the bankers can not lend it on a falling market—a falling property market, a falling commodity market. They can not reduce their reserves as long as there may be a lack of confidence in the country that will bring about runs on the banks. It is true there is the money in existence, but for all the practical good it does it might as well be on the bottom of the ocean. The Federal reserve bank has \$4,000,000,000 of extra credit on hand now over and above its legal reserve. The Glass-Steagall bill was passed for the purpose of encouraging the Federal reserve bank to lend to member banks. The banks will not borrow it because they can not lend it safely, and therefore that plan was an utter failure.

Possibly some one may find a method by which the Federal reserve banks may be induced to finance the Reconstruction Finance Corporation or some other agency. What it can not get out through the banks the Federal reserve bank may get out through some other instrumentality than the banks after legislative authority.

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. PITTMAN. Mr. President, I ask consent of the Senate to place in the RECORD at the end of my remarks, as a part of them, a statement that I made on yesterday before a committee of the House of Representatives touching in part the same subject I was discussing.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR KEY PITTMAN, OF NEVADA, BEFORE THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES, OF THE HOUSE OF REPRESENTATIVES, ON FEBRUARY 2, 1933, WITH REGARD TO THE SILVER-MONEY PROBLEM

Mr. Chairman, I have the honor and pleasure to be before your committee upon your invitation, to discuss legislation touching the world silver problem.

The traditions, habits, and conceptions of peoples developed throughout the ages can not be changed—except possibly through long periods of evolution—by legislation. The money and the currencies based thereon of all civilized nations is now, and, since money has been used has been, gold and silver. Gold and silver were first used as an aid to and instrumentality in barter and

trade. The ancient farmer discovered that a piece of silver of a certain size offered him in payment for a cow would be accepted in exchange for a horse. So the farmer accepted the piece of silver.

Laws did not make money of gold and silver. They were money before monetary laws were ever enacted. Laws were but declaratory for and served to fix the metal contents of coins for convenience in trade and the payment of debts. Gold and silver, whether in the form of bullion or coin, are and for ages have been accepted in exchange for goods throughout the world. There are sound reasons why such metals were accepted as mediums of exchange. These metals were found substantially everywhere, yet in all places they were scarce. Their production, while slow, was continuous and uniform. The ratio of the production of such metals was not only uniform but substantially certain. Since the beginning of time, as far as information can be obtained, there has not been produced throughout the world on the average more than 15 ounces of silver to 1 ounce of gold. During 1932 there were less than 13 ounces of silver produced to 1 ounce of gold throughout the world. This uniformity of production and ratio facilitated the use of both metals in trade and in the exchange of such metals. There was a natural ratio between such metals based upon equal demand and relative supply. Laws did not make gold and silver money, but laws decrease the demand for silver through restricting its use as money. This, of course, decreases its relative value. What I seek is first to remove or neutralize these restrictions so as to restore the normal law of supply and demand.

In the last 15 years the price of silver has fluctuated from \$1.39 an ounce to 25 cents an ounce. The question naturally is asked, Why restore silver money to its fullest use and former exchange value with gold and prevent such wide fluctuations? The reasons that actuate me are these, namely:

1. Gold or silver is the measure of value of the currencies of all civilized governments whether those metals be in possession or in expectancy.

2. There are only about twelve and one-half billion dollars' worth of monetary gold known to be in existence. It is estimated that there is three times this amount of currency outstanding resting on and redeemable by this gold base. This is exclusive of the bonds, notes, contracts, and all other obligations payable in gold, which amount to many times this figure. It is generally admitted that the monetary stock of gold is now, or will in the reasonably near future, be insufficient as a base for the world's monetary requirements. This burden upon gold is accentuated by lack of confidence in ability to redeem gold currencies and obligations and the knowledge of the maldistribution of gold, and the requirements of the payment of international war debts in gold, and incidentally hoarding of gold by governments and individuals.

3. There are only approximately 11,000,000,000 ounces of silver available in the world for monetary purposes. Of this conservative estimate of 11,000,000,000 ounces probably 7,000,000,000 are permanently locked up in the hoards of India and China. If all this silver were used as a base for silver currencies and as a supplement for currencies based upon gold, whether used in international trade or exclusively for domestic purposes, it could not possibly increase the basic money of the world over \$12,000,000,000 even if the parity of such basic silver money were restored to a parity with gold based upon the relative production of gold and silver.

4. It is now, and for ages has been, the measure of values and the wealth reserve of over half of the people of the world.

5. The depreciation in the value of silver has pro tanto depreciated the value of the money of silver-using countries in the exchange of their money for gold-standard moneys for the purchase of products in gold-standard countries.

6. This depreciation with regard to the money of silver-using countries has had the same effect upon our trade and commerce as with countries formerly on the gold standard that have gone off the gold standard and now have a depreciated currency as measured by gold.

7. We understand this effect upon our foreign trade with countries formerly on the gold-standard basis. The same condition now exists, and has existed since 1928, relative to our trade with countries whose ultimate purchasers pay for our products in silver.

8. Depreciated currencies—and I mean depreciated currencies in international trade, because it is only there that it is measured by the gold standard—have raised a wall against our exports and proportionately reduced our tariff protection against such countries of depreciated currency to substantially the amount of depreciation.

9. We are becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depreciation of commodity prices. This result is destructive not only of our foreign and domestic market but the maintenance of stable governments in silver-money-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In substantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials.

10. The depreciation of the capacity of silver-money-using peoples to purchase our goods, produced and sold on the higher gold standard, has almost extinguished some of our greatest potential markets.

11. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign customers.

12. The destruction of the monetary value of silver in international trade will tend to force all countries ultimately upon the gold standard, and thus place a greater strain upon gold as the monetary base.

I have outlined—hastily, I must admit—some of the reasons that impel me to seek the remonetization or at least the restoration and stabilization of the value of silver. This determination is not new on my part. I have been working to this end two or three years. The action of the United States Senate convinces me that it agrees with such necessity whether it agrees with the means suggested or not.

In February, 1931, the United States Senate adopted unanimously a resolution introduced by me requesting the President to call an international conference for the purpose of the removal of restrictions to a higher use of silver as money. The Chief Executive did not call such a conference.

I sought, then, to accomplish something by the action of our own Government. I introduced in the Senate a bill, the substance of which is now under consideration by your committee, in the form of a bill introduced in the House by Congressman McKeown, of Oklahoma, and referred to your committee, directing the Treasury Department to accept tenders of silver produced in the United States and to pay therefor in silver certificates to be issued by our Government at the market price of silver, such price to be determined by the Treasury Department as of the date of tender. From the silver so purchased a standard silver dollar is to be coined, to be held in the Treasury for the redemption of each dollar silver certificate issued for the purchase of such silver.

There would, of course, be a surplus of bullion remaining in the Treasury. At the present market price the Treasury Department would purchase nearly 4 ounces of silver for a \$1 silver certificate. As it only requires about seventy-eight one-hundredths of an ounce of silver to manufacture a silver dollar, there would remain a surplus of approximately 3.22 ounces of such silver in the Treasury in addition to such standard silver dollar so purchased by the dollar certificate. This surplus silver is to remain in the Treasury as additional security against any depreciation in the value of the silver certificate. This additional security, in my opinion, is unnecessary, but it satisfies the fear of those who are constantly uneasy with regard to the depreciation of our currencies. There are now in circulation in the United States nearly \$500,000,000 in dollar certificates issued under similar laws, and these certificates have not during this century suffered any threat of depreciation.

I must confess that this act will not result in any material expansion in our currency. Such is not the intent of the act. The purpose of the act is to have our Government do something that seems necessary that individuals can not do. The act will result in the reduction of the world's supply of silver on the market of the world for a period of five years. There is an oversupply of silver on the market. This word "oversupply" must be distinguished from "overproduction." There is no overproduction of silver. When I say production I mean mine production. When I say supply I mean silver thrown on the market of the world derived from all sources, including the debasing and melting up of silver coins in various countries.

For instance, in 1929 the world production of silver was 261,511,985 ounces. In 1931 it was 192,709,971 ounces. For 1932, based on estimates, it was approximately 160,000,000 ounces. But the total supply in 1929 was 328,511,985 ounces and in 1931 it was 255,266,700 ounces. The supply over production was derived from the melting up of silver coins in India and the selling of the metal on the markets of the world. This oversupply, coming from an unnatural source, had the natural effect of beating down the price of silver.

There was an even greater effect than in selling this silver, and that was the authority of the secretary of the treasury for India to sell any quantity of such silver at any time and at any price, while at the same time he had a supply on hand of such silver equal to the world's production for approximately two years. In other words, in 1928, when India started to sell silver from melted coins, it had approximately 400,000,000 ounces of silver in such form in its treasury. To-day, after selling approximately 140,000,000 ounces of such silver, it has around 400,000,000 ounces of silver still available in the treasury for such sale. This is due to accretions in the treasury from general circulation. According to reports from India, such sales are continuing, notwithstanding the abnormal low price of silver. There is no indication that such sales will cease.

It is futile to discuss here the causes that have and now actuate the British government for India in the initiation and continuance of such policy. The fact is it has been destructive to the exchange value of the silver moneys of such silver-using countries as China, and has destroyed the export trade to all those countries from countries on the gold standard, such as the United States.

The question was and is, What can we do about it? The British industrialists have protested against the policy. It is protested against by the president of the Imperial Bank of India and by the Indian people. These protests have been of no avail.

Sir George Shuster, the treasurer for India, who seems to have arbitrary powers in the matter, has demanded that silver producers reduce their production. He is still as ignorant of the facts with regard to the production and consumption of silver as he was

when he inaugurated the destructive Indian policy. He did not know then—and apparently he does not know now—that 70 per cent of the silver production of the world is a by-product in the production of other metals, such as gold, copper, lead, and zinc, and that so long as there is a market for such metals they will be produced, and, of course, silver will be produced as a by-product. He did not know—and he probably does not know now—that the maximum production of silver in the world for all time was only 260,000,000 ounces in a year. He does not know that there was only a normal increase in the consumption of silver, which was accurately measured by the normal increase in production. He does not remember that when during the war a crisis arose by reason of the inability of the British Government for India to obtain silver for the redemption of their silver rupee notes—that the only available surplus of silver in the world that could be found were the standard silver dollars in the Treasury of the United States, and that we had to take those silver dollars out of the Treasury and supply them to meet such demand. Such ignorance is not subject to criticism, for it is general, nor are my statements intended as a criticism.

A majority of our economists and financiers hold to the myth that silver can be supplied without limit. They know nothing of the statistics of the production and consumption of silver throughout the ages.

I beg you to pardon me, Mr. Chairman, for diverting from my subject. Sir George Shuster has demanded that the producers of silver reduce their production. This can not be accomplished for the reasons I have stated.

Our Government, however, can take off of the market the annual production of the United States for the period of five years, as provided in my bill. This will, to a certain extent, comply with the arbitrary demands of Sir George Shuster, and will, to a certain extent, neutralize the oversupply that he insists must be thrown on the market of the world.

Let me explain this: Sir George Shuster desires to sell silver derived from such melted coins—from thirty to fifty million ounces of silver a year. The United States produced in 1932 only 24,000,000 ounces. The most it has ever produced is 61,000,000 ounces. That was during the great peak production of copper, lead, and zinc in this country. The withdrawal of silver from the market of the world through the process of my bill will neutralize, to a certain extent, the oversupply derived from the melting up of Indian coins. If the Governments of Canada and Mexico should follow a similar procedure, then all of the sale from India would be neutralized and the law of supply and demand, based upon mine production and normal purchases, could be maintained and silver would return to the normal price of around 60 cents an ounce.

Now let me cite to you some of the objections made to this bill of mine by the Secretary of the Treasury, Mr. Ogden Mills.

In the first place, he contends that if I seek expansion of currency my plan will not result in any material expansion. He is right in that, because it would only take about \$6,000,000 in silver certificates to purchase all the silver produced in the United States for 1932.

He doubts whether it would aid the mining industry. It is true that the producer of silver would get no more money for his silver from the Treasury than he would obtain anywhere else in the world, because the market price of silver is the same throughout the world, being fixed by four brokers in London every morning. The miner, however, would be helped by being able to sell to the Government and thus reduce the oversupply of the world, caused by the action of the British Government for India; and, of course, the neutralization of the silver supply would tend to restore silver to its normal price of between 60 and 65 cents an ounce. In that manner the silver producer would be benefited. That, however, is a small part of the benefits to be derived from the act. What I seek is to restore the purchasing power of the depreciated currencies of China and other silver-using countries, as all of us seek to restore the normal value of the depreciated currencies of those countries who have gone off the gold standard. This will help in the purchase of the world's surplus production, thus lifting it off the world's domestic markets and thereby increasing commodity and property prices, which, in my opinion, is the essential thing to the return of universal prosperity.

The Secretary of the Treasury, in his correspondence with me, contends that silver is only a commodity and that there is no more reason why the Government should buy silver than it should buy any other commodity. He forgets that silver is not as much a commodity as gold. He forgets that four-fifths of the silver now being produced, and that ever has been produced, has been used for monetary purposes, while only half of the gold ever produced has been used for monetary purposes. He forgets that over half the people of the world use silver as money in their own countries, and that they can not use it as money in exchange for our money, with which to buy our products, because we value gold so high and silver so low. He suggests that the time might come when there would be an overbalancing of silver currencies as against currencies based on gold.

No one expects there will be much increase in the silver production of the United States in the next few years. It is now 24,000,000 ounces annually. Its maximum was 60,000,000 ounces. The purchases only exist for five years. If the average during that period was 45,000,000 ounces per annum, it would only mean 225,000,000 ounces. At the present price of silver it would be less than \$60,000,000 in silver certificate issues. Even with this issue added to our present issue of silver in silver certificates, the pro-

portion of silver issues as against gold issues in our country would be far less than they were in 1913.

The question is, Why do I support this bill, which has negligible power for currency expansion, against other silver bills which have greater power of currency expansion?

The first reason is that I am directly interested in obtaining a market for the surplus production of our country through the restoration of our export trade.

The second reason is that there may be other methods of expansion within our present monetary system, and the third reason is that my bill is the only bill of the many introduced in the United States Senate that has received a favorable report from any committee.

I realize that there are two principles involved in legislation. One of them is to take nothing less than what you think is right, and the other is to compromise upon the best you can obtain if it constitutes an advance. My bill, in my opinion—and I am only using my judgment as a legislator—is the most that can be obtained through congressional legislation in the near future, and certainly we are faced with an emergency that requires expeditious action. Other advances may be made in the future, but I doubt if any further advance can be made at the present. I have voted against more far-reaching silver measures because I knew that the advocacy of such measures was futile—yes; even more than futile. It would confuse the minds of legislators and arouse the suspicion of an intent to attack our present gold-standard monetary system.

I have no intention of undermining, weakening, or destroying our present gold-standard monetary system. I do not think that it is at all necessary to the remonetization, the restoration to parity with gold, and the stabilization of silver prices. Gold to-day measures the international value of every currency in the world, whether it be the pound sterling or the Chinese dollar. I am speaking of the value of money in the purchase of goods in other countries. The Chinese dollar has a par value in China and in purchasing goods in the United States it has only a value of 20 cents. Gold is accepted throughout the world to-day as the measure of the value of money in international trade. It has existed for 60 years at least. It would be difficult to change it by legislation. Nothing would be accomplished by changing it through legislation.

What we seek is to have other measures of value conform to the gold measure. That is what we have done and are now doing in the United States. We have more silver in circulation in the United States and silver currency than any other country of the world outside of China and India. One-twelfth of our currency is silver currency. Our dollar is worth \$1.29 an ounce in gold. The same size silver dollar in China is worth 20 cents in our gold. There is only approximately 20 cents' worth of silver in our silver dollar, measured by the market price of silver, and yet 10 of our standard silver dollars readily exchange for \$10 in gold, which makes the price of the silver in the silver dollar \$1.29 an ounce. If every great commercial country in the world had the same system, there would be no question about the parity of silver with gold, and that would be on the natural parity of 16 to 1. In that event, the Chinese would not have to pay \$3,000 for an automobile through the process of exchanging their money for gold, but would exchange their silver dollar for a dollar of our gold, and would only have to pay \$600 for an automobile.

I came here at your invitation to discuss the reasons for my bill. I beg your pardon for having diverged onto the general silver problem. I am not here to oppose any other bill that has been introduced. I seek only that which may possibly become law without delay.

I am satisfied that purchasing power must be increased, not only in our own country but throughout the world, before prosperity can possibly return. I do not believe that purchasing power can be increased until a larger quantity of sound money can be made available for those who must purchase money with goods and property. I do not claim that the expansion of available money through the restoration of the purchasing power of silver is a panacea for all of our ills. I am convinced, however, after a long study of the situation, that such restoration would instantly increase purchases in our country, reduce our surplus of production, and thus increase our purchasing power, increase the capacity of our manufacturing institutions and the employment of our laborers. I can not content myself with the policy now indulged in by some of our statesmen that the only remedy is liquidation, liquidation, further and further liquidation.

I have no confidence in the theory that the depression has flattened out. I admit that it has been retarded. This frequently happens just before death. I admit that our airplane of finance spiraled too rapidly up into the stratosphere. We all know that it has been in a tail spin, rapidly and dangerously approaching earth. The pilot may have gained some control, he may have flattened it out to some extent, but we know that the earth is close and that a crash will bring destruction and conflagration. It may be flattened out, but what obstacles are ahead of us in the fog we do not know. Isn't it time to pull back on the controls and elevate our financial plane so that it may assuredly and safely rise above all obstructions?

I ask leave to file with your committee as a part of my remarks the report of the Banking and Currency Committee of the United States Senate in which it approved my silver purchase act, which in identical form is now under consideration by your committee as introduced by Congressman McKeown, of Oklahoma.

Mr. JOHNSON. Mr. President, permit me to tender my apologies to the Members of the Senate individually and as a body. When I introduced my amendment I had not the slightest intention or belief that it should or did impinge on anyone's tariff views or that it affected in any way, shape, form, or manner anyone's prejudices concerning an embargo. I imagined I was presenting a straight-cut proposition which was of value to the country and which in these times might aid just a wee bit. Had I any conception or idea that I was interfering with tariffs or that I was provoking a discussion of tariffs and embargoes such as we have listened to for the last two days, I doubt if I would have had the temerity to present the amendment or to have it discussed upon the floor of the Senate at all.

Mr. President, there is a distinct issue, in my opinion, presented by the amendment that I have proposed. I stand upon that issue, sir. That issue is so plain that I do not think any man can misunderstand it in the slightest degree.

Tariff involved? Embargo concerned? Why, sir, I hold in my hand the six different laws which, in the last few years, have been enacted unanimously by this body of similar character to that which I propose. I have here the specific documents which do measurably in certain departments what I seek to do with all departments. Sir, when these specific laws came before this body there was not a soul here, nor any other place with which I am familiar, who said one word about the fundamental principles of commodity prices, of tariffs, of embargoes, or of any other question of like import. I recall, sir, when I stood here with my brethren on the other side of the Chamber and demanded that the Navy purchase only oil mined in the United States of America. I was very glad indeed with my Democratic brethren to make such contest as I could in behalf of that purchase by the Navy.

I stood here when gentlemen were talking about the outrage that was perpetrated by some department in the purchase of twine, sympathetic with them, and aiding them in passing the necessary legislation which at their instance was passed.

Here in my hand, sir, are the laws of like character, of similar import with the amendment which I have presented here, which unanimously were passed by the United States Senate, not only unanimously but enthusiastically. Reading the RECORD, as I have, there is not a single line that I could find in it of protest for a single one of these laws nor a single syllable that was uttered upon the question of tariffs or embargoes.

So I thought I was justified, Mr. President and my brethren, in saying that there is just one principle involved in this measure. Assume, sir, upon a building on Pennsylvania Avenue which we are constructing to-day out of money wrung from the taxpayers of this country, that bids are advertised for, and that a certain portion of the building is to be built of a certain kind of material. Assume, sir, that some one who manufactures the thing desired in Germany, in Italy, in France, or in England presents a bid for the article to be manufactured over there by their workmen, presents a bid that is \$1 or \$5 or \$100 or \$1,000 less than the article can be manufactured for in this country by our people in our factories and by those who pay the taxes which erect the very building.

Will you say to me, as some of you gentlemen do in your arguments, that if such a contingency is presented we are going to destroy everything that we have; we are going to permit a tariff wall to be built around the United States of America; and we are going to have an embargo that never again will permit us to be prosperous if we give the bid to a hundred dollar higher American bidder? Oh, no; you can not mean that. That, however, is exactly the argument that is made here against this amendment.

There is the issue. I accept that issue and that challenge that has been made upon this floor. I accept the issue and the challenge, and I say that if an American industry can bring to us goods manufactured in an American factory, and can with American workmen produce those goods for

use upon a building being constructed by the United States of America, though its bid may be a dollar or two or five or ten or a hundred dollars higher than the bid for the same sort of thing manufactured abroad by foreign workmen in a foreign factory, I want the bid awarded to the American factory and to the American workmen. That is exactly what this amendment does and nothing more, and that is the issue that it presents here now.

I insist there is no question of tariff involved; I insist there is no question of embargo involved; I insist that the amendment does not in any degree affect the barter or the trade or the trafficking of peoples of any land with our land. We simply say that the money of our taxpayers may be accorded our people who pay those taxes and that their goods shall be the ones that shall be accepted, other circumstances being equal, the price not being unreasonable, and the public welfare being unaffected. That is the whole purpose and the only purpose of the amendment.

Why is it that when Britain from 1920 until 1933 said, in so many words, only British-made goods shall be used in any British construction, whether it be a road or a building or relief of some kind, other than the mere dole—when Britain said under those circumstances that only British goods may be used and only British manufactories may be favored, why is it that we can not do it? Why is it such a virtue in Britain and such a vice in America to make that declaration?

The amendment is a simple one which has in its essence been approved again and again by the Congress of the United States. It is an amendment that in these times, I submit to Senators, should not for an instant be forgotten, but it should be adopted without demur or delay.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. LA FOLLETTE. Upon that I ask for the yeas and nays.

CURRENCY INFLATION

Mr. THOMAS of Oklahoma. Mr. President, there has been considerable said about depreciated currency; in fact, we have bills pending in Congress providing that our present tariff laws shall be amended to protect domestic products against the depreciated currencies of foreign lands.

Mr. President, instead of having depreciated currencies in foreign lands, I assert that it is not so much the fact that those currencies have depreciated as it is that the American dollar has appreciated. Take, for example, Great Britain. The British pound is now worth from \$3.36 to \$3.38. The pound is worth, at that rate, much more than it was along about 1920 or even in 1921 or 1922. The American dollar, based upon gold, has gone up in buying power; its purchasing power has risen; and that is the reason why, in my judgment, we have occasion to speak of the "depreciated currencies" of other lands. The American dollar has gone above the currencies of foreign lands, not that foreign currencies have receded from the value of the American dollar.

Mr. President, it appears to me that the Congress is proceeding upon the theory that we are to retain the present high purchasing power of the dollar. I have here a statement by Mr. Herbert Little. I do not have the pleasure of knowing Mr. Little but because his data are, in my judgment, conservative, I call the attention of the Senate to some of the facts given by him.

This is of date January 1, 1933, and the data are given under the heading—

Our wealth, debts, taxes, income.

I read:

The national wealth in 1930, \$329,000,000,000, or \$2,677 per capita. In 1932 (estimated) \$260,000,000,000, or \$1,964 per capita. Total debts (estimated) \$203,000,000,000, a minimum of \$1,624 per capita.

If these figures are correct, they show we have a Nation worth \$260,000,000,000 and at the same time we owe debts

of \$203,000,000,000; in other words, we owe almost as much as the entire property of the Nation is worth.

Total taxes, \$15,000,000,000 a year, about \$120 per capita.
Total income, \$37,000,000,000 (estimate of Senator BORAH), compared with \$85,000,000,000 in 1929, or \$296 per capita.

DEBTORS AND CREDITORS

Two Cornell economists analyzed the debts in this country, as of 1929, in the following fashion:

Corporations, \$76,000,000,000.
Town and city mortgages, \$37,000,000,000.
Bank loans, \$37,000,000,000.
State, county, and local government debts, \$21,000,000,000.
Farm mortgages, \$9,000,000,000.
Life insurance policy loans and premium notes, \$3,000,000,000.
Retail installment paper, \$3,000,000,000.
Pawnbrokers' loans and unlawful loans, \$1,000,000,000.

HOW MUCH IS A DOLLAR?

If you say the dollar of 1926 was worth 100 cents, the dollar of 1917-1920 was worth from 65 to 84 cents, and the dollar of to-day is worth \$1.56.

Mr. President, I cite these figures as an argument in support of my statement that the trouble is not that the currencies of foreign countries have depreciated but that the American dollar has appreciated from 65 cents in 1920 to 156 cents to-day.

I read further:

To the debtor that means it takes 50 per cent more labor or goods to-day to pay off a debt contracted in 1926 than it would have taken then, and twice as much labor or goods to pay off to-day a debt contracted in 1917-1920.

In support of this theory, I ask permission to incorporate at this point in my remarks copy of a petition to the Congress of the United States signed by James C. Jones, of St. Louis, dated January 15, 1933.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The petition referred to is as follows:

THE ELUSIVE DOLLAR

To the Congress of the United States:

So far as people without money are concerned, a rising dollar is about as bad as a falling mark.

Wealth in the form of real estate, bonds (other than Government bonds), mortgages, or other securities is well-nigh valueless, for it is unsalable and banks and other financial institutions will lend little or nothing upon it.

The dollar is hoarded—hoarded by banks as well as by individuals—and neither is to be severely criticized in these trying times.

But the fact remains that our only "medium of exchange" is disappearing with increasing rapidity.

Trade can not function without a medium of exchange.

Any attempt to change our existing dollar is cried down by the seeming opprobrious epithets, "Inflation," "Cheap money," "Rotten dollar."

Securities now worthless for borrowing or lending might have at least "some value" if we could have a "medium of exchange" other than the now highly prized, highly priced, and muchly hoarded gold dollar.

Can such medium of exchange be provided without inflation?

Mr. THOMAS of Oklahoma. Mr. President, I call the attention of the Senate to a letter just received from a member of the Legislature of the State of Arkansas. I read the letter, addressed to myself.

LITTLE ROCK, ARK., January 30, 1933.

I am inclosing a copy of House Concurrent Memorial Resolution No. 2, which has been adopted by the Forty-ninth General Assembly of the State of Arkansas. It, to my mind, is one remedy for the cure of the present economical depression, because money is to the country, economically speaking, as blood is to the human body.

This letter is signed "Marcus L. Miller, representative of Polk County."

The postscript of the letter reads as follows:

You will note that a copy of this resolution is being sent to each of the 42 legislatures now in session in the United States; also a copy is being sent to each of the Representatives in Congress from Arkansas. Please get behind this movement and help us work out a remedy in regard to the money question.

Attached to this letter is a copy of the resolution adopted unanimously by the Arkansas Legislature, which supports the theory I am trying to state upon the floor. I ask unanimous consent that the resolution may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution referred to is as follows:

House Joint Memorial Resolution 2

Whereas during the World War the United States Government greatly expanded the currency in order to finance the war as is reflected by the fact that the amount of Treasury and bank-note circulation increased from \$715,000,000 in 1914 to \$3,340,000,000 in 1919, resulting in even more than 100 per cent rise in prices; and

Whereas the national debt increased from \$1,188,000,000 to \$25,482,000,000 in the same period, and is now more than \$20,000,000,000, and the indebtedness of other States, as well as corporate, private, and individuals, has increased in even a greater percentage; and

Whereas public, private, corporate, and individual business has accumulated and contracted vast amounts of indebtedness during this period of inflated currency and overexpansion of credit; and

Whereas under the present condition of low prices for labor, commodities and deflated currency, these public and private debts contracted when dollars were cheap, must now and can not be repaid with dollars that are dear, creating an unjust hardship and forcing into bankruptcy great numbers of debtors and giving undue and unjust advantage, as well as jeopardizing the rights of creditors; and

Whereas the depression has resulted in deflation of prices of commodities, salaries, and wages, but not in interest and dividends, as is reflected by the fact that the average of wages and salaries in the United States has decreased 57 per cent since the year 1926, not counting the totally unemployed, while on the other hand the average of interest and dividend payments have increased 68 per cent, thus making the present deflation extremely unjust and one-sided in its effect; and

Whereas money, gold, and currency are the measure by which exchange of real values is made and the value thereof can easily and arbitrarily be fixed, the power of so doing having been placed in the hands of the Congress by the Constitution of the United States: Therefore be it

Resolved by the house of representatives of the forty-ninth general assembly (the senate concurring therein), That we do hereby memorialize the Congress of the United States to reevaluate our money system of gold and currency or to enact such legislation as will restore same to the value of 1919 as a means of bringing wages, salaries, and commodity prices on a par with the payment of debts, both public and private, and thereby avoiding wholesale bankruptcy and protecting creditors and holders of securities against impending loss; and be it further

Resolved, That we send a copy of this resolution to our Senators and Representatives in the United States Congress, thereby asking them to sponsor and support such legislation; be it further

Resolved, That we send a copy of this resolution to the presiding officers of the house and senate of each State legislature now in session, thereby requesting that each of those bodies pass a similar resolution.

MARCUS L. MILLER,
Polk County.
JOHN M. WILLEMS,
Logan County.

Mr. THOMAS of Oklahoma. Mr. President, I received to-day some data from one of the distinguished economists of the Nation, Dr. G. F. Warren, professor of agricultural economics and farm management, Cornell University, Ithaca, N. Y. I find a number of pages in this little treatise have to do with this identical subject under various headings, one of which is "Deflation or reflation." Another headline is "Deflation." Another heading is "Reflation." Each one of these topics is discussed at some length. Another heading is "What stabilization means." Another heading is "Credit expansion." Other headings are "Currency expansion," "Remonetization of silver," "Revaluation," "Managed currency," "The compensated dollar," and "The gold clause."

Mr. President, without taking the time to read, I ask unanimous consent to have the portions outlined and marked incorporated in the RECORD at this point in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DEFLATION OR REFLATION?

The price level must be raised to the debt level or the debt level must be lowered to the price level. This is a matter of grim reality that can not be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. No country likes to change its monetary system, nor does any country like to go through wholesale bankruptcies and continue to have millions of unemployed. Our choice is not between two desirable things.

It is between two undesirable things. Merely raising the well-known objections to either procedure does not commend the other. The question is, Which is worse?

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with. Merely postponing by lending some money or attempting to hold up the price of this or that thing will accomplish very little.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made:

At the new price levels public and private debts are nearly equal to the national wealth. These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require three or four years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how low these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous. Business cycles in such a period will be suppressed cycles.

The vigorous efforts to reduce taxes will do well if they succeed in making cuts equal to the new taxes necessary to feed the unemployed. Some shifting from real estate to other forms of taxation may occur.

Public debts will increase and some of the Government units will find it impossible to meet their obligations. It will be years before taxpayers get these debts paid.

Adjusting a price level down requires much more time than adjusting it up. It is not difficult to adjust public and private debts to a higher price level, but it is very difficult to reduce them. To adjust debts up merely requires that the usual purchases be made at the new price level with the usual percentage of credit transactions. To adjust debts down means the slow process of bankruptcy. Bankruptcy acts like a house of cards—each bankruptcy starts another.

Bank deposits will decline because of the reduced amount of business and the lower prices at which business is done and the tendency to use cash rather than checks. This latter movement is encouraged by fear of banks, lack of banks, lower interest payments on deposits, charges for checks, taxes on checks, and high postage rates. Many further bank failures will occur.

Because of severe unemployment some workers are working for extremely low wages, but it is not to be expected that the general wage level will decline to the price level. The long-time tendency is for wages to rise as the output per worker increases. Whenever the debts are liquidated so that business can proceed, wages will be far above pre-war.

Interest rates will be much below pre-war for safe securities, but a large part of the business will be on such a precarious basis that for some years rates for agriculture and industry may be high. Interest payments on bank deposits will be decidedly reduced. It will be impossible for life-insurance companies, universities, hospitals, and other institutions that depend on investments to keep up their incomes. Life-insurance rates will probably rise. The average size of policies will be reduced.

The size of fire-insurance policies will be reduced, losses will be increased, and rates probably will be raised.

Innumerable prices which have not declined will fall. Some of these are freight rates, telephone charges, price of newspapers, doctors' fees, dentists' fees, and telegraph charges.

Large numbers of corporations will disappear by bankruptcy or by combination to avoid bankruptcy.

Wholesale writing down of the capital of industrial plants, farms, and city real estate will be necessary.

Costs of distribution will gradually decline, so that prices paid to farmers will again come into adjustment with the prices which they pay. Much of this can be done in a half-dozen years. Probably it can be completed in a generation.

Some basic commodity prices have fallen too low even for the conditions and will rise.

Innumerable measures will be tried in attempts to hold up prices of this or that thing. Tariffs, bounties, farm boards, domestic allotments, restrictions on trade between States under sanitary and other guises, pools, gentlemen's agreements, and many others will continue to be tried. Some of these may do a little good, but they will continue to result in disillusion and disappointment. Maintaining the present price of gold means bringing the whole debt and price structure down. To attempt to hold each individual thing up and yet bring down the whole is like sinking a ship but attempting to hold up each rivet and doorknob in it.

Nothing is gained by minimizing the gravity of the situation. Repeated confidence statements can not change the facts. They discredit leadership and cause losses to innumerable individuals through false hopes. While the country has never before experienced as great deflation as we are now attempting, we have had experiences which indicate the probable length of the deflation disease. It usually takes six or seven years to go far enough with the bankrupting process so that construction can begin, and it takes many more years fully to complete the process.

If we are going through with deflation, debt-adjustment commissions are desirable to operate for a number of years. The legal system of writing down debts works badly enough when only a few bankrupt properties are thrown on the market. It

destroys values for both the creditors and lenders when applied in a wholesale way. A creditor often takes over a home or a farm, keeps it in hopes of a sale until the carrying charges eat up much of the value. In the meantime, the property depreciates. Finally, in despair, a shoe-string sale is often made to a less desirable buyer than the dispossessed owner. Debt-adjustment commissions should study each case and make recommendations for settlement for all creditors. Such recommendations from a disinterested party would save many owners and help many lenders and would keep many of the cases out of the courts. If the Government lending agencies wish to lend more money, they will do more good by taking up the safer part of the underlying mortgages in such cases than by direct loans to the lending corporations, which do not get at the root of the trouble.

While it is not the purpose of this discussion to consider what the individual can do for himself, I should like to insert one piece of advice to the millions of farmers and city home owners who are losing their homes and lifetime savings. If one has a good farm, it seems to me that the best thing to do is to retain possession of it as long as possible, in the hope that some temporary rise in prices or possibly a monetary change will enable him to keep the property. If he gives up, the savings are surely gone. He has little to lose from holding on as long as any slight chance remains.

The man who has failed in business or is out of work is blamed for it, and he often blames himself. This is adding insult to injury. Most of the failures are not due to unsound business, but to unstable money, for which no individual is to blame. The farmer or business man who has failed should not be despondent or commit suicide. He should feel like a man who has just gone through a tornado, stripped of his property, but escaped with his life. His family and friends should treat him accordingly.

It is not improbable that the high value of gold will result in discoveries of it, so that a later generation will have inflation.

The general attitude of the public seems to be to prefer to write everything down in terms of gold, rather than raise the price of gold. The strain on public credit to feed unemployed persons and the social confusion from such general bankruptcies may make it impossible to complete the process. No such violent deflation has yet been carried through by any modern nation.

If the process is carried through, a new generation can be prosperous, except as foolish laws remain to plague it. Any price level is satisfactory after business is adjusted to it.

REFLATION

The effect of rising prices is the same regardless of the cause. If for any reason the price level is restored, it does not mean that all prices will rise equally. Many prices have not declined, or have declined little. Restoring the price level would relieve them of the necessity of declining. The major ones are debts and taxes. If commodity prices were raised, buying would begin, because rising prices cause buying. Jobs would be available. Houses would be in demand. The debts and taxes on the houses and farms could be paid, and the debts would not have to be cut by bankruptcy.

The former amount of life insurance would be desired.

Many charges, such as freight rates, doctors' fees, telephone rates, and the like, are already adjusted to the price level that would be established. They would not rise, but would be relieved from falling.

Costs of distribution would rise very little. Therefore, prices paid to farmers and other producers would rise much more than retail prices. This would bring farm prices into adjustment with other prices. It is sometimes said that two steps are necessary—first, restore the price level, and second, restore the relationships of farm prices to other prices. If the first step is taken, the second follows automatically.

Prices of basic commodities, such as copper, corn, wheat, and cotton, would rise very decidedly because they are so far below the price level that would be restored.

The declines in values of homes and farms would be stopped.

In general, the prices that have not yet declined would be relieved from declining, and those that have declined would be restored.

Probably nothing is more universally wished for than a rise in commodity prices. We are willing to have the Farm Board buy wheat and cotton, pile tariff on tariff, lend billions of Government money—all in the hope that commodity prices may rise. But when any proposal is put forward that will raise the whole price level, it is commonly considered sacrilegious. There is probably no other subject on which so many people have formed positive convictions without scientific evidence. It is the responsibility of farm organizations to give consideration to the various possible methods of procedure.

When a city is on fire, there are only two ways to proceed. One is to let it burn itself out and get ready for the next generation to build a new city; the other is to attempt to put out the fire, even at the risk of some damage from water. Perhaps I should mention a third way of trying to dispose of it by saying that it does not exist.

Since the general level of commodity prices is the reciprocal of the value of money, there is no way to raise the price level except as the value of money declines or is lowered by law.

WHAT STABILIZATION MEANS

Stabilizing the commodity-price level does not mean that any single commodity will be free from fluctuations in price due to the supply of it or the demand for it. It does mean that com-

modity prices as a whole may be freed from being swept up or down as a mass due either to world supply of gold or frantic changes in the demands for it. There are many proposals for limited or complete stabilization.

CREDIT EXPANSION

A gradual and slow increase in the amount of monetary circulation plus bank deposits per dollar of gold in the United States has been taking place for many years. There is no indication that the Federal reserve system has speeded up this normal growth of circulation plus credit per dollar of gold. Whenever the normal is much exceeded a reaction occurs.

Some persons believe that the Federal reserve system is to blame for the decline in prices, and that there is gold enough to maintain predeflation prices if credit were properly managed. The evidence indicates that a rise in the value of gold was inevitable with the return of the world-wide demand for it. Credit management might have prevented a part of the stock-market boom. No evidence has been found that credit management could have prevented a decline in commodity prices, or that the 1929 commodity prices can be restored by credit management and still maintain the present price of gold.

By the management of credit it is possible to throw commodity prices out of line with gold by a limited amount. There is no indication that any permanent change in this relationship can be accomplished in this way. Overexpansion of credit brings on a reaction, and so does overcontraction of credit. The policy of the Federal Government in 1932 was based on the theory that prices could be raised by credit. The Reconstruction Finance Corporation lent money to many agencies in the expectation that credit expansion by the Reconstruction Finance Corporation and the Federal reserve banks would raise prices and restore equities back of securities and start business activity. The policy did check contraction, at least temporarily; but only a rise in the price structure can stop bankruptcies and start employment. It is not possible to expand credit sufficiently to do this and still maintain the present price of gold.

CURRENCY EXPANSION

It is very easy to raise the price level by an expansion of the currency, but any expansion that is sufficient to restore the prices of commodities to the debt level would make it impossible to continue to redeem each of the paper dollars with 23.22 grains of gold. There is no way of printing paper money that will make it possible materially to change the relative values of gold and commodities.

REMONETIZATION OF SILVER

By adopting bimetalism or symmetallism it is possible to set any price level that is desired. If silver is remonetized, it should certainly be done by symmetallism, as proposed by the great English economist, Alfred Marshall. This proposal is now receiving considerable attention in England. It is very simple. Instead of having a dollar exchange for 23.22 grains of gold it would exchange for some given weight of gold plus a given weight of silver. Since two commodities are more stable than one, and since silver production is less erratic than gold production, such a money would be more stable than gold. If once established, it would work in the same way in which the gold standard works, except for greater stability.

REVALUATION

Most of the continent of Europe has reduced the weight of gold in the monetary unit. It is probable that England and the 30 other countries that have suspended the gold standard will do the same. If so, this will leave the United States as one of the very few countries that attempts to maintain the pre-war price of gold, regardless of the supply of it or demand for it.

France reduced the weight of gold in the franc by four-fifths, so that when our prices are 100, her price level is about 500. The present outlook is that England will probably reduce the amount of gold in the pound by 30 to 50 per cent. The United States reduced the weight of gold in the dollar by 6.25 per cent in 1834. By reducing the weight of gold in the dollar any desired price level can be established. The future course of prices would depend on future supply of gold and future demand for it.

MANAGED CURRENCY

Two proposals have been advanced to provide for a permanently stable measure of value. One of these proposes a managed currency to be controlled by central banks in such a way as to keep the average of commodity prices stable. To operate such a system requires willingness and intelligence in the bank management and freedom from influence by politics or desire for profits.

At innumerable times in history the gold standard has broken down and a managed currency has been substituted. After great revolutions, such as the American Revolution, the French Revolution, and the German Revolution, at attempts to pay reparations, nations were so completely bankrupt that their currencies were "not worth a continental."

At innumerable other times, after the failure of the gold standard, a managed currency has been operated with a considerable degree of success. England had such a currency from 1915 to 1925, and has had such a currency since September, 1931. Prices in England since she left the gold standard have been more stable than prices here. Apparently such a country as England could permanently operate such a currency successfully. The possibility of a managed currency should not be judged entirely by its success or failure when conditions are so bad that the gold standard has failed.

THE COMPENSATED DOLLAR

The compensated dollar is a proposal to establish by law a currency redeemable in gold, but the weight of gold for which the dollar would exchange would vary with the index number of wholesale prices of all commodities; that is, if prices rose 1 per cent, the weight of gold for which the dollar would exchange would rise 1 per cent. If prices fell 1 per cent, the dollar would exchange for 1 per cent less gold. The gold would be kept in bars in the Treasury and central banks. This would keep the dollar stable in buying power for the average of all commodities.

The dollar has to be rubber either as to weight or as to value. It can not have a fixed weight and also have a fixed value. This proposal would give it a fixed value and a rubber weight. It raises the fundamental question as to whether a medium of exchange should be fixed in weight or fixed in value.

A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

THE GOLD CLAUSE

A considerable number of bonds in the United States call for payment in a gold dollar of present weight and fineness. This does not apply to Federal land bank bonds or mortgages nor to most of the mortgages of joint-stock land banks and life-insurance companies. These agencies agree to pay their creditors in lawful money, and are therefore protected if they collect lawful money from their debtors.

The problem to-day is not whether creditors will be paid in any particular brand of a dollar, but whether they will get anything. Sometimes they get less than nothing, for they get a non-income-paying property with delinquent taxes. If the dollar is revalued, Congress will probably invalidate such contracts, or if this is considered to be unconstitutional, can easily tax the profits derived from such a source by a sufficient amount to prevent collection.

If the price level were restored, business would proceed, jobs would be available, taxpayers would be relieved of feeding millions of unemployed, and it would be easier to pay one-third more than the bond calls for than it now is to pay the present sum.

The gold clause is probably of little value to any creditor, and even if enforced, it is a minor matter when considering the innumerable effects of deflation. Ten million unemployed is a far more serious matter than the gold clause.

If we continue to allow our whole price and debt structure to be based on accidental discoveries of some one commodity or the accidents of demand for it, we should not be surprised to see the social system that depends on such an unstable medium of exchange seriously threatened. The present revolutions and political upheavals in the world are the direct and indirect results of a breakdown in the medium of exchange. If such a monetary system continues, every investor, farmer, home owner, and business man should give first attention to the probable supplies of and demand for gold before he considers the details of his business.

Mr. THOMAS of Oklahoma. Mr. President, the Finance Committee of the Senate is at this time preparing to hold hearings in order to find out, if possible, the cause of the present depression, and if possible discover some remedy which may bring about an upturn in our present economic condition. A few days ago I sent to the soon-to-be chairman of the Finance Committee, the senior Senator from Mississippi [Mr. HARRISON] some suggestions which I thought might be helpful for the guidance of the committee in its investigations. What I submitted had to do with the management of money and credits and their relation to and effect upon prices and business. I ask unanimous consent to have printed at this point a copy of the agenda submitted by me to the Finance Committee through the Senator from Mississippi [Mr. HARRISON].

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Effect, if any, of the management of money and credit upon business:

1. In 1912 amount of money in circulation was \$3,335,000,000. On April 1, 1921, circulation was \$6,207,000,000, an increase of \$2,872,000,000 in eight years.

(A) During this period of radical increase in circulation prices of commodities and real estate increased correspondingly and good times were enjoyed by every class of business.

2. Beginning April 1, 1931, money in circulation began to decrease, and on July 31, 1930, amount of money in circulation was \$4,426,000,000, a decrease of \$1,781,000,000.

(A) During such deflation of money in circulation we had general decline in commodity prices, farm lands, real estate, and prices generally.

3. In May, 1920, when we had largest amount of money in circulation, the buying power of the dollar, as measured by the

United States Department of Labor, Bureau of Labor Statistics, was \$0.598, and in December, 1932, when bank credit was nonexistent and when large volumes of currency were reported to be hoarded, the buying power of the dollar had increased to \$1.597.

(A) The foregoing shows that by withdrawing money from circulation, making money scarce and thereby dear, the buying power of the dollar increased from approximately 60 cents to approximately \$1.60.

4. As measured by the Department of Labor wholesale-price index, debtors are now required to pay the amount of value borrowed in 1920, plus 100 cents on each dollar, because of the added value of the dollar.

(A) This 100-cent increased value must be paid on every item of debt as follows: (a) On taxes; (b) on interest; (c) on debts; (d) on salaries.

5. Holders of fixed investments such as bonds and notes, acquired around 1920, have buying power, or value, or wealth, to the extent of three times the value paid for such securities, such value not having been paid for or earned, yet debtors, to liquidate bonds and notes under present-valued dollar, must part with such three times added value to liquidate indebtedness.

6. The present high-valued dollar (160 cents) is direct cause of low-priced commodities, farm lands, and values, and so long as present high-valued dollar is retained, producers of raw materials, such as farmers, miners, and lumbermen, will be unable to meet their taxes, their interest, and their obligations.

7. Hence, if figures are accurate and reasoning sound, the present high-valued dollar must be reduced in buying power as a prerequisite for a return of business activity and prosperity.

Mr. THOMAS of Oklahoma. Likewise, Mr. President, I ask permission to submit for the RECORD a list of leading economists of the country who might be called to testify upon this particular matter, which, I think, has much to do with our present economic condition.

The PRESIDING OFFICER. Without objection, that order will be made.

The list referred to is as follows:

James Harvey Rogers, Yale University, New Haven, Conn.; Willford I. King, New York University, New York City; Harry G. Brown, Missouri University, Columbia, Mo.; G. F. Warren, Cornell University, Ithaca, N. Y.; F. A. Pearson, Cornell University, Ithaca, N. Y.; Paul Douglas, Chicago University, Chicago, Ill.; Professor Millis, Chicago University, Chicago, Ill.; John R. Commons, Wisconsin University, Madison, Wis.; Professor Ise, Kansas University, Lawrence, Kans.; Professor Brown, industrial relations department, Princeton University, Princeton, N. J.; Alvin Hansen, Minnesota University, Minneapolis, Minn.; Dr. Irving Fisher, Yale University, New Haven, Conn.; Chester Phillips, Iowa University, Iowa City; Charles Tibbetts, University of Buffalo, Buffalo, N. Y.; John B. Canning, Stanford University, Palo Alto, Calif.; J. M. Clark, Columbia University, New York; Wesley C. Mitchell, Columbia University, New York; Carl Snyder, Federal Reserve Bank of New York; Warren M. Persons, Standard Statistics Corporation, New York; Warren F. Hickernell, Yale Club, New York City; Harold L. Reed, United States Chamber of Commerce, Washington, D. C.; C. O. Hardy, Brookings Institution, Washington, D. C.; Victor S. Clark, Congressional Library, Washington, D. C.; Doctor Raffalovich, Marshal Field & Co., Chicago, Ill.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON

Mr. SMITH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"Sec. 3. In so far as cotton is delivered to relief agencies by the Cotton Stabilization Corporation under this act the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the cotton delivered hereunder, less the current market value of the cotton delivered, and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this

act the unexpended balance of appropriations made for carrying out the provisions of the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932, is authorized to be made immediately available, and, in addition, the sum of \$4,100,000 is authorized to be appropriated and made immediately available to the Federal Farm Board to be used solely for the following purposes: For advancing to such corporations amounts to repay loans held by commercial or intermediate credit banks against cotton which would be released for donations under this act and to retire all storage and carrying charges against cotton, including compression charges, at the time of the approval of this act; and for meeting carrying, and handling charges, and interest payments on commercial or intermediate credit bank loans, on or against cotton which would be released for donations under this act between the date of its approval and the delivery of the cotton to the American National Red Cross or other organization. Any additional amounts necessary for such purposes shall be paid from the revolving fund established by the agricultural marketing act."

And the Senate agree to the same.

CHAS. L. McNARY,
G. W. NORRIS,
E. D. SMITH,

Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,

Managers on the part of the House.

The report was agreed to.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California.

Mr. BARKLEY. Mr. President, I wish to ask the Senator from California a question. In the Post Office and Treasury appropriation bill passed a year ago, making appropriations for the fiscal year ending next June 30, there is a provision very similar to the amendment offered by the Senator from California. That is not a provision that pertains simply to that appropriation bill, but it was permanent law, because it provides that "hereafter" the very things should occur which are provided for in the amendment of the Senator from California.

Mr. JOHNSON. The Senator is correct.

Mr. BARKLEY. What shortcoming is there in that provision, which is already permanent law, which renders it impossible to take care of the situation the Senator from California has in mind in offering his pending amendment?

Mr. JOHNSON. That relates to a particular department. There is no such law that is applicable to-day to the Interior Department or to some other department. A general act, therefore, was presented in the House; it was passed by the House, and, after it was passed upon by the committee here with an amendment, it was endeavored to be put upon this bill, and that is substantially the amendment that is here offered.

Mr. BARKLEY. Mr. President, in view of the fact that this is already the law so far as the Post Office and Treasury Departments are concerned, why would there be any objection to offering the same provision on each appropriation bill and making it permanent law as to that department—not making it temporary as to the particular appropriation—rather than to have incorporated in this bill, which is an appropriation for two departments where this provision already is in force, a provision applying to all the departments?

Mr. JOHNSON. Because it would not be general law applicable to all the departments.

It is quite true, as the Senator suggests, that we could make three or four bites at the cherry, and offer an amendment to each particular appropriation bill. I have sought to eliminate that particular contingency, however, by a general act already passed by the House that will be applicable to all the departments of government.

Mr. BARKLEY. Is there any substantial difference between the provisions of law now in force, applicable to the Post Office and Treasury Departments, and the Senator's amendment, except that his amendment applies to all departments and the present law applies only to two?

Mr. JOHNSON. Yes. The amendment that has been offered by me is broader in character and endeavors to stop some of the gaps that were presented by the other amendments that have been made to the different appropriation bills.

Mr. BARKLEY. In other words, if I understand the Senator's amendment, it provides that the departments shall be required not only to purchase supplies produced, mined, and so forth in the United States, according to the present law, but to purchase articles manufactured out of those articles. In other words, whereas the present law applying to the Post Office and Treasury Departments is rather limited to raw materials in its scope, the Senator's amendment seeks to enlarge that so that anything manufactured out of those raw materials comes under the same law. Is that true?

Mr. JOHNSON. Substantially so. I would not express it exactly that way, but I think the idea the Senator from Kentucky has is correct. There is another element, too, of this amendment that relates to contracts, and that the contract shall be of the same sort as has been indicated.

Mr. BYRNES. Mr. President, will the Senator from Kentucky yield to me? I desire to read to him the language of that law. It provides that the heads of these two departments—Treasury and Post Office—shall, unless in their discretion the interest of the Government will not permit—

Purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States.

That is the existing law as to these two departments.

Mr. BARKLEY. Yes. That language makes it practically as broad in its scope as the amendment offered by the Senator from California.

Mr. JOHNSON. It makes it what?

Mr. BARKLEY. It makes it, as applying to these two departments, practically as broad as the amendment of the Senator, except—

Mr. JOHNSON. No; I would not say that at all.

Mr. BARKLEY. Except that it applies only to the direct purchase by the Government of these supplies, and probably does not go so far as to require the same conditions with reference to the supplies purchased by contractors who have dealings with the Government.

Mr. JOHNSON. Yes; the amendment is broader in that respect, and goes to the manufactured article as well. Will the Senator from Kentucky permit me to add to my reply that if the amendment of the Senator from Wisconsin is adopted, it will, in my opinion, blow a hole in the endeavor that I make by the amendment that I have presented; and I trust it will not be adopted.

Mr. TRAMMELL. Mr. President, I desire to inquire what we are about to vote on.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON]. Upon that question the yeas and nays have been demanded. Is the demand seconded?

Mr. BLAINE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to develop the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Barbour	Black	Bratton
Austin	Barkley	Blaine	Brookhart
Bankhead	Bingham	Borah	Bulkley

Bulow	Glass	Logan	Sheppard
Byrnes	Glenn	McGill	Shipstead
Capper	Goldsborough	McKellar	Smith
Caraway	Gore	McNary	Smoot
Clark	Grammer	Metcalf	Steiwer
Connally	Hale	Moses	Swanson
Coolidge	Harrison	Neely	Thomas, Idaho
Copeland	Hastings	Norbeck	Thomas, Okla.
Costigan	Hatfield	Norris	Townsend
Couzens	Hayden	Nye	Trammell
Cutting	Hebert	Oddie	Tydings
Dale	Hull	Pittman	Vandenberg
Davis	Johnson	Reed	Wagner
Dickinson	Kean	Reynolds	Walcott
Dill	Kendrick	Robinson, Ark.	Walsh, Mass.
Fess	Keyes	Robinson, Ind.	Walsh, Mont.
Fletcher	King	Russell	Watson
Fraser	La Follette	Schall	Wheeler
George	Lewis	Schuyler	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to the roll call. A quorum is present.

Mr. BLAINE. Mr. President, it is not my intention to debate the amendment which I have offered. I desire to inform the Senate that the amendment which I have offered is in the identical language of the present law as it relates to the War Department, the Post Office Department, and the Treasury Department, all three of which provisions are uniform. I propose to adopt the same uniform language, but have inserted in the modification of the amendment the words "and/or," so that it will read:

Articles of the growth, production, and/or manufacture of the United States.

Mr. DILL. Mr. President, I should like to have the attention of the Senator from California [Mr. JOHNSON]. I should like to have the Senator explain, if he will, in my time, what is the effect from his viewpoint of the amendment offered by the Senator from Wisconsin [Mr. BLAINE].

Mr. JOHNSON. Mr. President, the Senator from Wisconsin strikes out, as I recall, lines 7 to 12 of section 2 of the bill. He inserts in lieu thereof:

Articles of the growth, production, and/or manufacture of the United States.

From my standpoint, the vice of his amendment is that from outside, from a foreign country, could be brought into this country the material which could be manufactured as seen fit, and then it would not be within the prohibition of the law.

For instance, as I have repeatedly stated upon the floor, the impelling cause of this measure was the situation at the Boulder Dam, where it was expected that the lowest bid would be from Germany for the turbines or generating machinery and the like—a transaction involving about \$6,000,000. Now, assume that they brought over from Germany part of the machinery, and assume that they brought over then in another ship another part of it, and in another ship another part of it, and then, in some factory in this country it was assembled and manufactured. Then, there would be no prohibition upon it such as I desire to put in this bill upon bids of that sort.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON]. Upon that question the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. GORE. Mr. President, I think that the Senator from California a few moments ago stated the issue which divides Senators upon this amendment clearly and fairly. Indeed, he presented the issue in a very pointed way. He took this illustration: A contractor constructing a building here on Pennsylvania Avenue advertises for bids on certain materials. An American manufacturer submits a bid to supply the materials for \$11,000. An importer, say, of English or Canadian goods submits a bid to furnish the same materials for \$10,000. The American bid is \$1,000 more than the bid on the imported goods.

The Senator says that we ought to pass a law providing that the American bid shall be accepted and that the bid on the imported goods shall be rejected. He insists that the Government should be compelled to pay a thousand

dollars more for the American-made goods than it would be obliged to pay for the imported goods.

Mr. President, that is the issue. That is the point. I do not understand how the Senator could make an appeal that that should be done in behalf of American taxpayers, because the proposal would compel the American taxpayer to pay \$1,000 more for the domestic goods than for the imported goods. The American taxpayer, with cotton at 5 cents a pound, corn at 10 cents a bushel, and prunes at 2 cents a pound, will have to pay a thousand dollars more for the materials than they are worth; would have to pay a thousand dollars more for the materials than they would cost under the importer's bid.

Mr. COSTIGAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. GORE. I yield.

Mr. COSTIGAN. Will the Senator from Oklahoma tell us whether this proposal is part of an economy program?

Mr. GORE. Oh, yes.

Mr. COSTIGAN. Will the Senator also tell us whether there are any safeguards in the amendment against monopoly charges?

Mr. GORE. I am coming to that in a moment. The American taxpayer would be compelled to pay \$1,000 more for this order than the materials would be worth. Just how the American taxpayer would profit by that transaction defies my imagination.

Mark this, Mr. President, in the case which I am discussing, the imported goods have already scaled our high tariff walls, and to have paid tariff rates which were deemed to be sufficient to protect American industry. They have made that contribution to the Treasury of the United States, they have entered our markets, under existing law, and are entitled to compete with American goods.

Notwithstanding they have scaled the tariff walls, it is proposed here that we disfranchise them entirely. It is proposed here that they can not be purchased at any price, even though the price is only half as much as the American price. In the interest of economy, and in behalf of the American taxpayers, we are to pay more for the thing than the thing is worth. This amendment prohibits absolutely the purchase and use of imported articles in the case under discussion. We have placed them under a ban, under an embargo. This invites combination on the part of American manufacturers. The tariff did not exclude all competition. We invite American steel concerns, we will say, to enter into a combination. They may well do so, because no matter what the foreign price, these imports are excluded, they are forbidden, and, no matter how high the price may be run up by such a combination, they are secure against all foreign competition.

What is the only other point? That the use of these imported materials displaces so much American labor. If that were true, there might be some force in that argument. But that argument is not sound. These imported materials which were to be used in the building here in Washington had to be paid for before they scaled our tariff walls. They were paid for with American exports. They were paid for in part with American cotton. In part they were paid for with American lard, paid for in part with American tobacco, paid for in part with American flour, paid for in part with American prunes, all paid for with American goods, and these American goods which were exported in exchange for the imported goods gave as much employment to American labor to all intents and purposes as if the imported goods had been produced in this country, not to the same laborers, but substantially the same laborers.

Mr. President, there is a point which Senators overlook, and there lies the fallacy in the argument that imported goods displace American labor. Imported goods are paid for with American goods, paid for with exported goods, and exported goods are produced by American labor.

I want to repeat, Mr. President, that the world to-day is suffocating beneath the burden of unexchanged surpluses.

The Johnson amendment is not going in the right direction, it is going in the wrong direction.

As I see it, there is only one hope, and that is that protectionism is going mad, that protectionism is committing suicide. It may be that things must get worse before they get better, and once protection hardens into prohibition, as it does in this amendment, it seems to me that the end ought to be drawing nigh.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the junior Senator from Wisconsin [Mr. BLAINE] to the amendment proposed by the senior Senator from California [Mr. JOHNSON]. On that question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL], who is necessarily absent on official business of the Senate. In his absence I withhold my vote.

Mr. FESS (when Mr. GLENN's name was called). The senior Senator from Illinois [Mr. GLENN] has a general pair with the senior Senator from Virginia [Mr. SWANSON].

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I shall withhold my vote. If permitted to vote, I would vote "nay."

Mr. COSTIGAN (when Mr. NEELY's name was called). The junior Senator from West Virginia [Mr. NEELY] is unavoidably absent.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I am unable to obtain a transfer, and, therefore, in the absence of the Senator from Mississippi, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The Senator from Missouri [Mr. PATTERSON] is detained from the Senate on account of a death in his family.

Mr. THOMAS of Idaho (after having voted in the negative). Has the junior Senator from Montana [Mr. WHEELER] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. THOMAS of Idaho. I have a general pair with the Senator from Montana [Mr. WHEELER], and in his absence I withdraw my vote.

Mr. CUTTING. On this question I have a pair with the junior Senator from West Virginia [Mr. NEELY]. If permitted to vote, I would vote "yea." The Senator from West Virginia, I understand, if present, would vote "nay."

The result was announced—yeas 16, nays 57, as follows:

YEAS—16

Bankhead	Borah	Clark	King
Barkley	Bulow	Coolidge	La Follette
Black	Byrnes	Costigan	Logan
Blaine	Caraway	Hayden	Shipstead

NAYS—57

Ashurst	Dale	Gore	McKellar
Austin	Davis	Grammer	Metcalf
Barbour	Dickinson	Hale	Moses
Bingham	Dill	Hastings	Norris
Brookhart	Fess	Hatfield	Nye
Bulkley	Fletcher	Hull	Oddie
Capper	Frazier	Johnson	Pittman
Connally	George	Kean	Reed
Copeland	Glass	Keyes	Reynolds
Couzens	Goldsborough	McGill	Robinson, Ark.

Russell
Schall
Schuyler
Sheppard
Shortridge

Smith
Steinwer
Thomas, Okla.
Townsend
Trammell

Tydings
Vandenberg
Walcott
Walsh, Mass.
Walsh, Mont.

Watson
White

NOT VOTING—23

Bailey
Bratton
Broussard
Carey
Cutting
Glenn

Harrison
Hebert
Howell
Kendrick
Lewis
Long

McNary
Neely
Norbeck
Patterson
Robinson, Ind.
Smoot

Stephens
Swanson
Thomas, Idaho
Wagner
Wheeler

So Mr. BLAINE'S amendment to Mr. JOHNSON'S amendment was rejected.

The PRESIDENT pro tempore. The question recurs upon—

Mr. TYDINGS. Mr. President, I have an amendment pending.

The PRESIDENT pro tempore. When the Senator from Maryland had his amendment read, it was read with the idea, and so announced by the Chair, that it was to lie upon the table. Therefore, the question now recurs upon the amendment proposed by the Senator from California as modified. If the Senator from Maryland now wishes to present his amendment, he may do so.

Mr. TYDINGS. Mr. President, I ask that the amendment be read.

The PRESIDENT pro tempore. Let it be read for the information of the Senate.

The Chief Clerk read as follows:

At the proper place add a new section, as follows:

"Sec. —. That hereafter any appropriation of money for crop production of any crops whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland to the amendment of the Senator from California.

EXAMINATION OF DAVID S. BARRY, SERGEANT AT ARMS

Mr. WATSON. Mr. President, in the issue of the New Outlook under date of February 2, there appears an article entitled "Over the Hill to Demagoguery," which purports to have been written by David S. Barry, Sergeant at Arms of the United States Senate. The first two or three sentences of that article recite as follows:

Contrary, perhaps, to the popular belief, there are not many crooks in Congress, that is, out-and-out grafters or those who are willing to be such. There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are.

Mr. Barry has been connected with the Senate as Sergeant at Arms for a good many years. Prior to that he was a newspaper correspondent in the city of Washington and very familiarly acquainted with Senators and Representatives and men in public life. It is very difficult for any of us to believe that Mr. Barry could have meant what he said in this article, but it is here in cold type and is something that no Senator believes should be permitted to pass by without an explanation which I think he ought to have the opportunity to give in open Senate.

Therefore I move that Mr. Barry be brought before the bar of the Senate for the purpose of answering such questions as may be asked him touching this article or to make any explanation he may have in mind on the merits of the proposition.

The PRESIDENT pro tempore. May the Chair suggest that probably a wiser course would be to have the matter referred to the Committee on Rules?

Mr. ASHURST. Mr. President, a point of order. The Chair has no right to argue from the chair. If the Chair wishes to argue, he should take his place on the floor of the Senate.

The PRESIDENT pro tempore. The Chair may make a suggestion.

Mr. ASHURST. No; he may not!

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. WATSON. I yield.

Mr. NORRIS. I would like to add to the motion of the Senator from Indiana that Mr. Barry be brought before the Senate the suggestion that the oath be administered to him.

Mr. ROBINSON of Arkansas. Mr. President, I think too, in addition to the suggestion of the Senator from Nebraska, that Mr. Barry should be required to state in open Senate who are the Senators and Representatives who, as he says, everybody knows are crooks.

Mr. WATSON. That suggestion is entirely in order.

The PRESIDENT pro tempore. The motion made by the Senator from Indiana is wholly privileged. The question is on the motion of the Senator from Indiana. [Putting the question.] The motion is agreed to unanimously. The Chair awaits suggestions as to the method under which the Senate shall proceed.

Mr. ASHURST. Mr. President, I respectfully move that all questions propounded to Mr. Barry shall be in writing.

Mr. WALSH of Montana. Mr. President, in a matter as grave as this it seems to me the Senate ought not to proceed precipitously. Mr. Barry stands in a way accused here, and certainly ought to have an opportunity to prepare to make whatever explanation or defense he can, and to be advised by counsel before he is called upon.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. WATSON. I yield.

Mr. BORAH. If, after Mr. Barry is brought before the bar of the Senate, he desires time and desires counsel, of course we would not deny it to him, but I think as a first step he should be brought here and let him indicate what he desires.

The PRESIDENT pro tempore. The Chair, being without precedents, will act upon any suggestion that a majority of the Senate wish to impose. If the Senator from Arizona will permit, the Chair will again say that probably the proceeding should be determined by the Committee on Rules.

Mr. REED. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Pennsylvania?

Mr. WATSON. I yield.

Mr. REED. I observe that Mr. Barry is now in the Chamber. I move that the oath be now administered to him by the Presiding Officer.

The PRESIDENT pro tempore. Is there objection?

Mr. ASHURST. Mr. President, I have no objection to that motion, but I insist on my motion that all questions submitted to Mr. Barry shall be in writing. We had trouble in this same way in the Archbold impeachment case with Senators rising and propounding questions and cross-fire questions. Finally we determined that the only practical way to proceed was to propound the questions in writing. I shall insist on my motion after the oath has been administered.

The PRESIDENT pro tempore. After the oath is administered?

Mr. ASHURST. Yes.

The PRESIDENT pro tempore. The Chair will administer the oath to the Sergeant at Arms.

Mr. GORE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. WATSON. I yield.

Mr. GORE. I wish to say I am inclined to think the suggestion made by the Chair is a wise one. I am not certain that the Senate ought to be stampeded. I do not mean that it has been or is being stampeded, but I think we ought to proceed in a reasonable way. So far as I am concerned, if Mr. Barry has any information on this matter he is wiser than I am. I am not sure but that the Senator from Montana [Mr. WALSH] is correct in his suggestion. I share in the desire to have all the information that is available. If Mr. Barry has any facts they ought to be made known, and when made known, proper action ought to be taken. But I am not really certain that the United States Senate ought

to exhibit haste of this kind. It seems a little unseemly, though I may be wrong.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. WATSON. I yield.

Mr. BORAH. I repeat that after Mr. Barry has taken the oath—and he is a very intelligent gentleman—he may suggest that he desires time and desires counsel; but these charges have been made openly, they are a part of the public knowledge. So far as I am concerned, I am not willing that the hearing shall be behind the closed doors of a committee.

Mr. WATSON. Mr. President, I will say, along that line, that perhaps a third of the Members of the Senate have been to me touching this matter. I suggested to a number of them that the matter be referred to a committee. There was no one in favor of that procedure. They said Mr. Barry is a man of high intelligence, has been connected with public life for some time, was a newspaper correspondent before that, and well understands the meaning of language and knows what he wanted to say, and is in a position to explain what he did mean if he did not mean what the article says. Therefore it is my thought that it is entirely fair to him under the conditions that he shall come before the bar of the Senate and offer any explanation that he may have to make.

The PRESIDENT pro tempore. May the Chair make a suggestion, with the permission of the Senator from Arizona?

Mr. ASHURST. I cheerfully grant permission. [Laughter.]

The PRESIDENT pro tempore. This is a unique proceeding. The Senate is about to put on hearing one of its officers. The oath is about to be administered to that officer under a vote of the Senate. The manner of proceeding with the hearing is wholly unknown to the Senate. It has occurred to the Chair that at least the matter of procedure might be referred to the Committee on Rules, so that the Senate might establish a precedent in the event that hereafter some of its officers should possibly transgress the proprieties.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Tennessee?

Mr. WATSON. I yield.

Mr. McKELLAR. It seems to me Mr. Barry might desire to have something to say after the oath is administered to him. He should be afforded the opportunity to give whatever explanation he wants to give here openly. I see no reason why the course we are now pursuing is not the right and proper course.

The PRESIDENT pro tempore. The Chair is about to administer the oath to the Sergeant at Arms.

(Sergeant at Arms Barry rose and raised his right hand.)

The PRESIDENT pro tempore. You do solemnly swear, in reference to the cause now on hearing before the Senate, that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Sergeant at Arms BARRY. I do.

The PRESIDENT pro tempore. The Senate is now resolved into a court of trial to hear the Sergeant at Arms.

Mr. ASHURST. Mr. President, I respectfully move that any and all questions to Mr. Barry be in writing.

The PRESIDENT pro tempore. Does the Senator ask that any time be given Mr. Barry in which to consider his answers?

Mr. BORAH. Mr. President, I suggest that Mr. Barry state whether or not he desires to proceed at this time. If he desires time to consult counsel, the Senate ought to give it to him. After that we can determine how we will question him, if he does not desire time.

The PRESIDENT pro tempore. Very well; the Senate will hear the Sergeant at Arms.

Sergeant at Arms BARRY. I have no desire to have counsel. There is no real explanation to make. The article

stands for what it says. Any further statement that is desired I will be glad to make about it, but I have no desire to make one.

The PRESIDENT pro tempore. Very well. Then the question recurs upon the motion of the Senator from Arizona, namely, that any questions to be propounded by any Senator to the Sergeant at Arms in the course of the hearing now being held shall be submitted to him in writing.

The motion was rejected.

The PRESIDENT pro tempore. The Chair awaits further action on the part of the Senate.

Mr. WATSON. Mr. President, may I be permitted to ask Mr. Barry a question or two?

The PRESIDENT pro tempore. The Chair assumes that the Senate for the minute has resolved itself into a court of inquiry, and, having rejected the motion of the Senator from Arizona that questions to the Sergeant at Arms be propounded in writing, the Chair holds that any Senator may rise and orally propound to the Sergeant at Arms any question which he has in mind.

Mr. WATSON. Mr. Barry, did you write the article in the New Outlook published this month?

Sergeant at Arms BARRY. I did.

Mr. WATSON. In that article did you say—

There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are.

Sergeant at Arms BARRY. Yes, sir; I did.

Mr. WATSON. Who are those Senators and Representatives who you know have sold their votes for money?

Sergeant at Arms BARRY. I have not the slightest idea. I had no Senator in mind, and I do not know that there is such a Senator.

Mr. WATSON. What, then, Mr. Barry, did you mean by that language?

Sergeant at Arms BARRY. My idea in writing that was to defend the Senate from the popular belief that there are crooks and grafters here. I have for 30 years taken that view. I have written a great many times and said a great many times that there are no crooks in Congress; that it is a mistaken popular belief, but it is the general belief; and I meant by that, of course, that if there were a few men here who did take money for their votes they would be very well known to their colleagues. I meant nothing further than that and my motive was entirely in the way of defense of the Senate.

I will say that I wrote this article some time ago and never knew it was published until Mr. LaGuardia spoke today. I never received a proof of it. I never had an opportunity to revise it. I do not say that I would have changed the proof, but I might have done so, and I certainly would if my attention had been called to the meaning of these words. I should certainly have changed it, because I do not know of any such men and did not mean to imply that I did.

Mr. BARKLEY. Mr. President, I should like to ask the Sergeant at Arms if he received compensation for the publication of this article?

Sergeant at Arms BARRY. I have not received any compensation, but I presume I will; I expect to be paid for it.

Mr. BARKLEY. Did you write it at the request of the publisher of this magazine?

Sergeant at Arms BARRY. Yes, sir. I did not write this particular article—but I agreed to write them some articles, but not to have any name. I submitted this article, along with another article, and that is the last I heard of it.

Mr. BARKLEY. You wrote it under a contract with them?

Sergeant at Arms BARRY. Yes, sir.

Mr. BARKLEY. To receive compensation?

Sergeant at Arms BARRY. The arrangement for compensation was made after I had written it and submitted it.

Mr. BARKLEY. How many articles are you to write for this magazine?

Sergeant at Arms BARRY. I have not any idea, sir.

Mr. BARKLEY. Will they all be on the Senate?

Sergeant at Arms BARRY. Oh, no, sir.

Mr. BARKLEY. What are you to be paid for the article that has been published?

Sergeant at Arms BARRY. I do not exactly know. I supposed that before this article was printed there would be a definite arrangement about that, and I was very much surprised when it was printed. I did not know it until to-day.

Mr. BARKLEY. You said you prepared it in pursuance of a contract you had with the publishers, did you not?

Sergeant at Arms BARRY. Yes, sir. I had a general contract with them.

Mr. BARKLEY. What were the terms of that contract?

Sergeant at Arms BARRY. They were to pay me \$250 an article.

Mr. BARKLEY. That is what you expect?

Sergeant at Arms BARRY. That is what I expect; yes.

Mr. BARKLEY. You do not know how many will be published?

Sergeant at Arms BARRY. No; nothing was said about that.

Mr. BARKLEY. At that rate you will keep on as long as they will print them I suppose?

Sergeant at Arms BARRY. I do not know—unless I run out of subject matter. My motive is entirely the opposite to what seems to be regarded by those who read the article. It is pretty badly expressed.

Mr. BARKLEY. In other words, gathering the opinion from the context of the first paragraph, your intention was to defend the Senate and House by stating that only a few men sell their votes?

Sergeant at Arms BARRY. That is the motive that I had in mind. I have for a great many years heard these charges as to Members of Congress being crooks. It is taught in the schools here and in the universities. They teach them that. I know one young man who, since this matter came up to-day, told me that his professor taught him in school that Congressmen were crooks and took money for their votes, and all the young men growing up that I have talked to have that idea. It was entirely for the purpose of defending them from any such charges that I wrote the article.

Mr. BARKLEY. Let me ask, if you had had the intention of defending the Senate and the House could you not have said that if there were any such men they could be easily known? Why did you not use that language instead of stating—

There are not many Representatives or Senators who sell their vote for money, and it is pretty well known who these few are.

Sergeant at Arms BARRY. I think, Senator, that was thoughtlessly used. I did not intend to say it definitely. I did not have in mind any person when I wrote it.

Mr. BARKLEY. You have had long experience as a writer?

Sergeant at Arms BARRY. Yes.

Mr. BARKLEY. You know, of course, what the ordinary citizen reading language of that sort would infer?

Sergeant at Arms BARRY. I do not think they would infer what seems to have been inferred generally here. I think they would have gone more on what it says.

Mr. BARKLEY. Reading that language now as it is published in the first paragraph of your article, what other interpretation would any ordinary intelligent person put upon it except that you knew of certain Members of Congress who had sold their votes, although there were only a few of them?

Sergeant at Arms BARRY. I do not know that they could make any other inference, but I did not intend to say that I knew them or that others knew them. My intention was to carry the statement that they would be so few that they would all be known to everybody, and probably were.

Mr. BARKLEY. In other words, you think the fewer they are the better they would be known, rather than if they were all guilty, it would be secret?

Sergeant at Arms BARRY. Certainly it would be known if there were a few of them; but I had no other intention than as I have stated.

Mr. NORRIS. Mr. Barry, you say in this article:

There are not many Senators or Representatives who sell their vote for money.

Could you draw any other implication from that than that there were several who did sell their votes for money?

Sergeant at Arms BARRY. Well, I believe that would be the natural inference.

Mr. NORRIS. Do you mean to say that is true?

Sergeant at Arms BARRY. I do not.

Mr. NORRIS. Well, why did you say it in this article if you were honestly trying to defend Congress against attacks which you believed to be false?

Sergeant at Arms BARRY. I can only say that I think it is rather thoughtlessly and carelessly written. If I had had an opportunity to correct it, to correct the proof of it, I think probably that would have been changed. It certainly would have been if anybody had called my attention to the language.

Mr. NORRIS. Following that language I have just read, you say:

And it is pretty well known who those few are.

Can you give any intelligent reason to the Senate why you used that language unless you wanted to convey by the language I first read to you that there were some Senators and Representatives who did sell their votes for money?

Sergeant at Arms BARRY. No, sir; I can not.

Mr. NORRIS. Well, what explanation have you to give for that language—is it true or false?

Sergeant at Arms BARRY. I can not say.

Mr. NORRIS. Then, if you can not say, why did you make the charge which on the face of it leaves no doubt whatever? You have said here that—

There are not many Senators or Representatives who sell their votes for money, and it is pretty well known who those few are.

Sergeant at Arms BARRY. I may have been mistaken in making that statement.

Mr. NORRIS. Is that statement true?

Sergeant at Arms BARRY. It may not be; I have no way of proving it.

Mr. NORRIS. You made such a statement without having any evidence—is that true?

Sergeant at Arms BARRY. I am unable to say.

Mr. NORRIS. If it is true, then give us the evidence. If you know anybody in the Senate or House who has sold his vote for money, give the name or the names of those Representatives or Senators now.

Sergeant at Arms BARRY. I do not think I shall do that, Senator.

Mr. NORRIS. I did not quite understand; speak a little louder, please.

Sergeant at Arms BARRY. I say I do not think I shall do that.

Mr. NORRIS. Do you mean to say, because you will not do it, that there are such men?

Sergeant at Arms BARRY. No, sir.

Mr. NORRIS. And you refuse to tell who they are?

Sergeant at Arms BARRY. No, sir; not at all.

Mr. NORRIS. Then what do you mean?

Sergeant at Arms BARRY. I do not know any.

Mr. NORRIS. Do you have any knowledge of any Member of the House or Senate who sells his vote or has sold his vote for money?

Sergeant at Arms BARRY. No, sir; I have not.

Mr. NORRIS. Do you have any knowledge of any Senator or Representative who has sold his vote for anything else besides money?

Sergeant at Arms BARRY. No; I have not any knowledge to that effect.

Mr. NORRIS. The Senator from Indiana did not read the portion following what he read to you. I had better read all of it, so as to get the sense:

There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are;

but there are many demagogues of the kind that will vote for legislation solely because they think that it will help their political and social fortunes.

And then you follow that by this language:

This is what passed the constitutional amendment providing for the popular election of Senators, it is what passed the amendment giving suffrage to women, it is what passed the prohibition amendment, and it is what has made possible the almost successful attempt to hang the bonus on the American taxpayers.

Is it true, in your judgment, that there are demagogues in the House and Senate, and it is because of the votes of those demagogues that these amendments have been submitted to the people?

Sergeant at Arms BARRY. I most certainly do.

Mr. NORRIS. You think everybody who voted, then, for the constitutional amendment providing for the popular election of Senators was a demagogue?

Sergeant at Arms BARRY. I certainly do not.

Mr. NORRIS. Then how do you classify them?

Sergeant at Arms BARRY. In various ways. I classify them. I have classified them in the article, as I have explained, from my viewpoint.

Mr. NORRIS. I do not get your meaning. You say now that you think that it is because of the votes for that amendment cast by demagogues that they were enabled to pass it? If that be true, does it not follow that those who secured the passage of the amendment were, in your judgment, demagogues?

Sergeant at Arms BARRY. That depends. That seems to be your judgment, sir. I have not said that.

Mr. NORRIS. Yes; that would be my judgment if I made the statement you have made.

Sergeant at Arms BARRY. I have not stated it.

Mr. NORRIS. What have you got to say about classifying those who favored those amendments as demagogues?

Sergeant at Arms BARRY. I have not anything to say, sir.

Mr. NORRIS. Do you not think this language classifies them as demagogues?

Sergeant at Arms BARRY. It depends upon how it is read, how people read it as it is written there, but I have not any further classification to make.

Mr. NORRIS. Do you think that the members of the legislatures of the various States that approved those amendments were demagogues also?

Sergeant at Arms BARRY. Well, I have not any means of knowing, and I was not writing about the members of those legislatures. I was writing about what passes here.

Mr. NORRIS. It is your opinion, as I understand, and you so stated here, that that is what passed the constitutional amendment providing for the popular election of Senators. It is stated just above that there are many demagogues, and that that is the reason those constitutional amendments were passed. Is that your idea?

Sergeant at Arms BARRY. Well, I think that is my idea; yes. I think the people so understand it. There are a certain number of demagogues, and a certain number of demagogic votes that were cast for it.

Mr. REED. Mr. President, it is perfectly clear that Mr. Barry has charged some of the Members of the Senate and some of the Members of the House with bribery. It is also clear that he now says under oath that that charge is unsupported by any evidence, and that he is unable to give the name of any Senator or any Member of the other House whom he knows or believes to be guilty of bribery.

I think the natural instinct of every one of us would be to declare vacant the office of Sergeant at Arms and to do it instantly, but I am apprehensive that that would be taken by the country to be a hotheaded action, to be done in the heat of resentment by the Senate, more in revenge than in soberly considered punishment.

Therefore, Mr. President, I move that the matter be referred to the Judiciary Committee of the Senate with the request to that committee to report back to the Senate, as soon as it conveniently can, what action it recommends should be taken in Mr. Barry's case.

Mr. ASHURST. Mr. President, I join heartily in the suggestion of the Senator from Pennsylvania [Mr. REED]. He has to-day erected a permanent testimonial to his character as a lawyer by making that suggestion.

Mr. NORRIS. Mr. President, I do not feel that we ought to refer this matter to the Judiciary Committee, although I am a member of it. This is testimony taken in open court. It is like a contempt proceeding. We ought to act on the undisputed evidence of the man against whom action ought to be taken.

I am not afraid of being charged with doing a thing without proper consideration. The evidence is all in. Mr. Barry has not asked and does not ask that he have an attorney, or that we give him time, or anything of that kind. He has admitted what is stated here, which, as the Senator from Pennsylvania truly says, is a charge against Members of the Senate and the House of bribery without any proof to sustain it.

It seems to me, especially since Mr. Barry is one of the officials of the Senate, has held office in the Senate here for a long time, and has openly admitted writing this article, that it is perfectly useless to take evidence. We have it all in now. We ought to act now, and I move, Mr. President, as a substitute for the motion made by the Senator from Pennsylvania that the office of Sergeant at Arms is hereby declared vacant.

Mr. GEORGE. Mr. President—

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nebraska.

Mr. NORRIS. Mr. President, just a moment. I want to change the motion.

I move, as a substitute, that Mr. Barry be, and he is hereby, removed from the office of Sergeant at Arms of the Senate.

The PRESIDENT pro tempore. Stated in another form of words, the question is what the Chair originally stated.

Mr. ROBINSON of Arkansas. Mr. President, if any other punishment or penalty than that of removal from office is contemplated, I should favor the motion of the Senator from Pennsylvania [Mr. REED]; but certainly as to the question of the fitness of Mr. Barry to continue to serve as an officer of the Senate there can be no defense made, and no justification. Prompt and decisive action should be taken.

I inquire of the Senator from Pennsylvania whether he has in contemplation, and, for that matter, if other Senators have in contemplation, additional penalties to be inflicted, other than removal from office?

Mr. REED. Mr. President, in my judgment, Mr. Barry's offense constitutes a grave contempt of the Senate, and might well support other punishment than that of removal from office; but we are acting in full view of the country. We must not seem to be acting in haste, or out of pique. We must not, by anything we do, seem to make a martyr of Mr. Barry. That is all I am afraid of.

Mr. ROBINSON of Arkansas. Mr. President, if Mr. Barry had asked for time in which to make a defense, or if he had asked for the advice of counsel, I could see advantage to be gained by deferring action. It is not a pleasant thing to any of us to impose a penalty on Mr. Barry; but if the Senate of the United States, after hearing this matter, should retain in its employ an officer who has committed this contempt, every self-respecting Senator would be compelled to resign from this body.

Mr. LEWIS. Mr. President—

Mr. ROBINSON of Arkansas. Mr. President, it is for the reason that the Sergeant at Arms has divested himself of any defense to the charge, it is for the further reason that we owe some duty to the body at the other end of the Capitol—a body that has not direct jurisdiction of the persons of our officers—that I believe the Senate should act promptly.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. ROBINSON of Arkansas. Yes; I yield to the Senator from Illinois.

Mr. LEWIS. May I make a parliamentary inquiry?

The PRESIDENT pro tempore. The Senator will propound it.

Mr. LEWIS. I desire to ascertain and ask the Senator from Arizona, the Senator from Arkansas, and the Senator from Pennsylvania, has the Sergeant at Arms been given an opportunity to say whether this article is correct, whether he has written it, whether it has been printed correctly?

Mr. ROBINSON of Arkansas. Why, Mr. President, I assume that the Senator from Illinois was not in the Chamber when the Sergeant at Arms was brought before the Senate.

Mr. LEWIS. I have just returned to the Chamber.

Mr. ROBINSON of Arkansas. Those questions were asked by the Senator from Indiana [Mr. WATSON], and other questions were asked him by the Senator from Nebraska [Mr. NORRIS] and by the Senator from Kentucky [Mr. BARKLEY].

Mr. LEWIS. I thank the Senator.

Mr. ASHURST. Mr. President, I feel somewhat as if it were an act of temerity to oppose the matured judgment of my own leader. My regard for him transcends the bounds of friendship. It is a brotherly affection; but upon this question I have decided convictions.

I wish to express what I have in my breast and in my mind.

That Mr. Barry has committed a grave indiscretion—yes; worse than an indiscretion—is true. That he has wrongfully dealt with that tender subject, human character, is not less true. If called upon to vote with the light now before me, I should vote to declare his office vacant.

But, Mr. President and gentlemen of the Senate, if there be one thing that ought to characterize a Senate, it is impartiality and an absolute freedom from any suspicion of haste, resentment, or indignation toward any person.

Mr. President, the Senate is under fire. Many vile things in cheap shows are said about the Senate; but, Mr. President, the Senate can best meet those charges and insinuations by acting with dignity and with manhood.

When a person whose hands are imbrued with the blood of his fellowman is brought before an American court, and even pleads guilty to the crime of murder in the first degree, the judge, if he be a real judge, never passes sentence then and there. He remands the offender at least for a few hours.

I support the view of the distinguished Senator from Pennsylvania. Hasty action would give the impression that Senators were so thin-skinned and so tender of criticism that simply because they possessed the power they promptly, upon the same afternoon, while hot speeches were falling from their lips, removed and stigmatized this man.

That he has done wrong no one denies, but I remember his 12 years of faithful service here, and that thousands, if not hundreds of thousands, of dollars have passed through his hands and not an unclean penny has ever clung to his fingers. That I shall vote for his removal to-morrow may be quite true; but I beg the Senate not to act as if we were moved by bitter resentment, not to act as if we were a body of men none of whom had ever been on the bench.

Here are men who have been judges of supreme courts, men who have been governors. Let calm reason prevail; let a nightfall and a sunrise take place before this man is summarily removed.

Forbearance, moderation, and restraint are the virtues of those who have power. Let those who have power always remember those grand virtues of moderation, restraint, fortitude, and endurance. Since we have the power to do this, let us endure this for another 12 hours.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me for just a brief statement?

Mr. ASHURST. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The statement of my good friend the Senator from Arizona that he wishes to defer this action until to-morrow, when he will vote for the mo-

tion of the Senator from Nebraska, reminds me of the story of an Arkansas justice of the peace, who, 20 years ago, said:

The court will take this case under advisement until to-morrow, at which time he will promptly decide the case for the plaintiff.

[Laughter.]

Mr. ASHURST. Mr. President, I am glad that the Arkansas justice of the peace had that much moderation, humanity, and prudence; and I beg the Senate to emulate the wisdom of the Arkansas justice of the peace. [Laughter.]

Mr. COUZENS obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. COUZENS. I should like to offer an amendment to the motion of the Senator from Nebraska first, if the Senator will permit me.

I move, as an amendment to the motion made by the Senator from Nebraska, that Mr. Barry be suspended from office, and that at 4 o'clock on February 10 the Senate take final action.

Mr. GEORGE. Mr. President—

The PRESIDENT pro tempore. The amendment proposed by the Senator from Michigan happens to be an amendment in the third degree. It can not be entertained except by unanimous consent.

Mr. REED. Mr. President, my motion is still capable of modification by myself, as long as it is pending?

The PRESIDENT pro tempore. It is. The Senator from Pennsylvania has complete control of the wording of his motion.

Mr. REED. Therefore I modify my motion so that it will read in accordance with the substitute presented by the Senator from Michigan.

The PRESIDENT pro tempore. Will the Senator from Pennsylvania please state the form of words in which he now wishes the motion to be submitted?

Mr. REED. I move that the Sergeant at Arms be suspended from office until further action of the Senate, and that at 4 o'clock on February 10 the Senate proceed to final disposition of this matter.

Mr. GEORGE. Mr. President—

The PRESIDENT pro tempore. The question is upon agreeing to the motion proposed by the Senator from Pennsylvania.

Mr. NORRIS. Mr. President, it is the motion of the Senator from Michigan, is it not?

The PRESIDENT pro tempore. It is, in form of words, but it is not in parliamentary status.

Mr. NORRIS. No; but the Chair stated that the question was on the motion of the Senator from Pennsylvania. I have offered a substitute.

The PRESIDENT pro tempore. True, and the Senator from Michigan proposed an amendment, which would have been an amendment in the third degree, and, in the view of the present occupant of the chair, it could not be entertained except by unanimous consent.

Mr. NORRIS. Then the motion of the Senator from Michigan is not in order?

The PRESIDENT pro tempore. It is not. Inasmuch as the original motion was made by the Senator from Pennsylvania, and inasmuch as the unbroken practice and the rules of the Senate commit the form of words of any motion or any amendment to the hands of the Senator making the motion or offering the amendment, the Senator from Pennsylvania is wholly within his right in modifying his original motion.

Mr. NORRIS. Mr. President, I do not know why the Chair enters into that long argument. Nobody has questioned the right of the Senator from Pennsylvania to modify his motion.

The PRESIDENT pro tempore. The Chair thought the Senator from Nebraska was questioning it.

Mr. NORRIS. No; but I want to say a word on the motion of the Senator from Michigan. However, since that is

out of order, I will say a word about the motion of the Senator from Pennsylvania.

The PRESIDENT pro tempore. Which, may the Chair state, is exactly the same.

Mr. NORRIS. What did the Chair say?

The PRESIDENT pro tempore. The motion the Senator from Pennsylvania has now before the Senate is exactly in the form in which the Senator from Michigan originally made his motion.

Mr. NORRIS. I understand that. The Senator from Pennsylvania, in other words, has modified his amendment; but my motion to substitute is the pending question.

The PRESIDENT pro tempore. It is.

Mr. NORRIS. He can not take my motion out of the way by changing his motion.

The PRESIDENT pro tempore. The Senator from Nebraska is wholly right.

Mr. NORRIS. Then, Mr. President, the question resolves itself, really, into an inquiry as to whether we shall postpone action until the 10th day of February.

Personally, I would much rather have had the motion of the Senator from Michigan or the Senator from Pennsylvania as he originally had it. But now everybody knows what we are going to do on the 10th day of February. The story told by the Senator from Arkansas applies 100 per cent. No Senator will admit now, or at any time between now and the 10th of February, that he is not going to vote to remove this man from office.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. NORRIS. Yes.

Mr. REED. Does every Senator likewise know whether he will vote for or against any further punishment, which we would have the power to inflict?

Mr. NORRIS. No; and if there is any further punishment to follow, we can impose it. The removal of Mr. Barry would not take away the power of the Senate to punish for contempt, if it wanted to.

Mr. President, we are confronted with certain evidence. There is no dispute about the evidence. Mr. Barry has admitted the facts. He has not asked for a continuance; he has not asked for the mercy sought to be extended to him, and which would be taken away from him on the 10th of February. He has not requested it, and inasmuch as the facts are beyond dispute, inasmuch as there is no question about the removal of this man in anybody's mind, I do not understand, myself, why we should not act now.

I do not entertain the fear the Senator from Pennsylvania, or the Senator from Arizona seem to have that the country will criticize us for acting too hastily in the matter. We will not still the voice of the country. Will not the country say, "When you are confronted by an unworthy official of the Senate who has admitted that he has told a falsehood and published it to the four corners of the earth, if you had the right kind of patriotism, if you had the right kind of viewpoint as to the dignity and the responsibility of your position, and the determination to keep it pure and unsullied, you would not hesitate for a minute to act, any more than if he struck you in the face you would not hesitate to return the blow, and you would not say that you would wait until the 10th of February to do it."

Mr. President, it seems to me there is no dispute, and that there is only one course we can honorably pursue, and that is to remove this man. We might, it is true, remove him to-morrow or the next day, but we know what we are going to do, so why not do it now?

Mr. GEORGE. Mr. President, I think it unfortunate that we seem to have the confused idea that Mr. Barry is on trial for some offense. He is on trial for no offense, either against the law of the United States, or any special or specific rule of the Senate.

The fact that, though he is an officer of the Senate, his offense is not against the Senate alone, but against the House of Representatives also, raises a responsibility to the other branch of the Legislature; and inasmuch as Mr. Barry

is not on trial for any offense, and inasmuch as the body which elects him to this particular office, and which he serves, has an absolute right to inquire concerning his conduct at any time, it seems to me that the motion to permit him to go under suspension, and in the meantime consider the question of resignation, or what not, and then come back at a later date to hear what this body will say about this article, admittedly libelous, upon the Members of the Senate, is wholly inexcusable.

If I may be pardoned for saying it, I think, if nothing else justified the general condemnation of the Senate, conduct of that kind would unmistakably justify it. We would stand before the country wholly unexcused and inexcusable in the face of the admitted statement of Mr. Barry, an officer of this body with long experience, prior to his choice as Sergeant at Arms, I believe, a newspaper man, familiar with the processes of Government, invited not once but more than once by the Senator from Idaho and others to ask for a delay, or for an opportunity to be heard at a later date, expressly declining that invitation and saying that he was ready to proceed, and admitting here all of the facts with reference to the particular article.

Mr. President, it seems to me that to delay action on the matter is entirely without excuse, and would leave the Senate in a most unenviable and vulnerable position. Mr. Barry ought to be dismissed upon what he confesses and admits, or he ought not to be dismissed, but there is no excuse why the Senate should not act.

Mr. BARKLEY. Mr. President, I should like to ask Mr. Barry one question, if I may be permitted.

A while ago, Mr. Barry, in response to a question of mine, you stated that this article appeared earlier than you had expected it to appear in the magazine. Am I to understand by that that your real intention was to have this article appear after your term of office expires, so that the Senate would have no jurisdiction over you?

Sergeant at Arms BARRY. Not at all. I expected it to be printed this month, but I did expect to receive the proof of it, and I did not know what date it would be printed. I knew it would be printed in the month of February.

Mr. BARKLEY. Did I understand you to say a while ago that you actually wrote this article, physically, yourself?

Sergeant at Arms BARRY. Yes, sir; I did not say so, but I did write it.

Mr. BARKLEY. Nobody else wrote it and used your name?

Sergeant at Arms BARRY. No, sir.

Mr. BARKLEY. It is your production?

Sergeant at Arms BARRY. Yes, sir.

Mr. BLAINE obtained the floor.

Mr. WALSH of Montana. Mr. President, will the Senator from Wisconsin yield to me to ask a question.

Mr. BLAINE. I yield.

Mr. WALSH of Montana. Mr. Barry, the article says that these Senators and Representatives who have been guilty of bribery are well known, but I understand you to say that you do not know who they are?

Sergeant at Arms BARRY. I did not mean to say in the article that anybody could name them, but they were so generally known that they would be known by their colleagues and by everybody in Washington.

Mr. WALSH of Montana. But you do not know who they are?

Sergeant at Arms BARRY. I do not.

Mr. WALSH of Montana. Can you tell us of anyone who does know who they are?

Sergeant at Arms BARRY. No, sir.

Mr. WALSH of Montana. How could you say, then, that they are well known, if you do not know of anybody who knows them?

Sergeant at Arms BARRY. That was just a general statement. It was made carelessly and thoughtlessly, and, I say, might have been changed.

Mr. LA FOLLETTE. Mr. President—

The PRESIDENT pro tempore. Does the junior Senator from Wisconsin yield to his colleague?

Mr. BLAINE. I yield for the purpose of permitting my colleague to ask Mr. Barry a question.

Mr. LA FOLLETTE. Mr. Barry, who first approached you about this article for the New Outlook?

Sergeant at Arms BARRY. The man that owns the magazine.

Mr. LA FOLLETTE. I can not hear you.

Sergeant at Arms BARRY. Mr. Tichenor, the man that owns the magazine.

Mr. LA FOLLETTE. Did he interview you personally, or address you a letter?

Sergeant at Arms BARRY. I have forgotten. He did both, but which was first, I do not just remember. I think he saw me before he wrote me, but I am not sure about that, Senator.

Mr. LA FOLLETTE. When you discussed the matter with him, did you discuss the subject matter of the article?

Sergeant at Arms BARRY. No, sir; not this part of it, anyhow. I might have gone over it in a general way, but this subject matter was not discussed with him or anyone else.

Mr. LA FOLLETTE. Was the title of the article discussed at that interview?

Sergeant at Arms BARRY. No, sir.

Mr. LA FOLLETTE. Was the subject matter of this article, or anything relating to it, suggested in the correspondence which you had with the gentleman subsequent to your interview with him?

Sergeant at Arms BARRY. No, sir. Suggested by him, you mean, to me?

Mr. LA FOLLETTE. Yes.

Sergeant at Arms BARRY. No, sir; it was not.

Mr. LA FOLLETTE. Then it was entirely your own idea, and was not suggested to you by the owner of the magazine, the publisher, or by anyone else connected with it, or by any other person, that you should write this article which now has appeared in the publication?

Sergeant at Arms BARRY. Yes, sir.

Mr. LA FOLLETTE. I did not hear the response.

Sergeant at Arms BARRY. I said yes; meaning that it was not suggested by anybody—by him, or anyone else.

Mr. BLAINE. Mr. President, it appears to me that there are some issues in this matter which have not been discussed. Preliminary to a discussion of those issues, I want to make some general observations respecting men who are charged with offenses.

I have often observed a scene which frequently occurs in a court room. The sheriff, or the policeman, marches the accused into the court chamber manacled, irons upon his wrists, he is brought before the judge, who sits there possessed of tremendous power over the human being before him, solemn, perhaps determined, in his looks. There is the prosecuting attorney, ready to send the accused to jail. The matter is presented in a preliminary manner, the whole audience, all the men and women in the court room, the judge, the arresting officer, and the prosecuting attorney, all ready, anxious, willing, and zealous, to find the man guilty.

Our American system of jurisprudence wisely provides that a man must be represented by counsel, that witnesses must be produced to confront the accused, that their evidence must be given in open court, that a jury be impaneled and all the facts sifted and all of the circumstances considered. The accused may be guilty, beyond any doubt, but he is entitled to a fair, open, public hearing. That is the American way. That is the constitutional way. Even the accused ought not to be permitted to make a plea of guilt until the court examines into the circumstances to ascertain the degree of punishment that should be administered. That briefly, though inadequately, describes the court scene.

Now what is the scene before the Senate of the United States? Here is the Sergeant at Arms called before the bar of the Senate. He is a subordinate officer. The Senate of the United States is the supreme power and the supreme judge. It is this body, including the House of Representatives, which has been charged in an article written by the Sergeant at Arms with being subject to bribery; it is

charged, in fact, that some of the Members have actually been bribed. Of course, such a charge is bound to bring disrespect and disrepute, not only upon the Congress as a whole, but upon the two Houses of Congress and upon every Member of Congress in either of its branches.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Massachusetts?

Mr. BLAINE. No; I decline to yield presently, that I may have my argument properly connected.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. BLAINE. The Sergeant at Arms is brought before the Senate. He admits that he has libeled the Senate and the House of Representatives, and of course, that admission carries the implication that he has made a charge of bribery against every Member of the Senate and against every Member of the House, though he does not specify which individual is guilty of bribery. But he stands here before the Senate alone and without counsel. He makes no defense. He does not claim or allege truth as a justification for the charge that he has made in the magazine article. He admits, as I understand his testimony, that the charge is false and that he has no information that any Member of either House has been guilty of bribery.

Therefore, Mr. President, we approach the proposition from this angle: If that magazine article was written in a spirit of revenge, in a spirit of malice, if it was written for the purpose of obtaining money, for the purpose of enriching himself, then the Sergeant at Arms stands in an entirely different situation before the bar of the Senate, and mere removal would not be sufficient punishment. There being no justification offered by him, he admitting the untruthfulness and the falsity of the charge made in the magazine article, so far as the Senate is concerned there are no extenuating circumstances offered by him why the punishment should not be for contempt as well as removal from office.

Therefore, Mr. President, if we are to proceed according to the American way we will accept this issue in the nature of a libel action. The pleading is in by the Sergeant of Arms. He admits he wrote the article. He admits that the article is untrue and false. But there may be circumstances of which we have not been informed which would justify a lesser punishment than removal for contempt. He ought to have an opportunity to present extenuating circumstances if there be such so that the punishment might be modified, might be mellowed. The Senate would stand convicted of dishonor if it simply suspended the Sergeant at Arms and then removed him if the article was written with malice, with malicious intent to injure the character of any Member of the Senate or of the House of Representatives. Circumstances might be proven either upon the statement and admission of the Sergeant at Arms or upon circumstances growing out of admissions, the question of the payment of money, who paid him, who induced him to write the article, and many other circumstances which might be brought out to ascertain whether or not the article was maliciously written. If it was written maliciously, then punishment by removal is, I submit, not sufficient.

Mr. President, the Senate of the United States sits as a court. Against the Senate and against the House of Representatives the charge has been made. We therefore can not afford to be hasty in the matter. We can not afford to be precipitous in the matter. We should exercise that judicial care, that judicial temperament whereby the Sergeant at Arms will have an opportunity before a proper committee to present all the facts and all the evidence if there are facts or evidence, in extenuation so that the punishment which might be administered will not be the greatest punishment to which he may be subjected.

As I understand, punishment may be administered by temporary suspension, punishment may be administered by removal from office, and in addition thereto punishment by way of contempt proceedings that may involve imprisonment. If that is a correct assumption, if the Senate has that

jurisdiction, then the Senate ought to resolve that this matter be referred to a proper committee to take the evidence, to adduce the facts, to develop the circumstances. If it shall appear that the article was maliciously written then, Mr. President, so far as I am concerned, I would not only vote for removal, but also for punishment for contempt. But I am unwilling now to vote upon the degree of punishment that should be inflicted in this case until the accused has had an opportunity to present any extenuating circumstances that he may have before a committee of the Senate and that committee shall have reported to the Senate upon the evidence so produced.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. I would like to ask the Senator from Wisconsin if the Sergeant at Arms should be suspended as the Senator has advocated and as the motion made by the Senator from Pennsylvania contemplated, could he not in the meantime resign before the Senate takes the matter up on the 10th of February and thus escape removal?

Mr. BLAINE. No doubt the Sergeant at Arms could resign and escape removal from office, but the resignation of the Sergeant at Arms would not relieve him from punishment under contempt proceedings, and that punishment, of course, is far more severe than punishment by mere removal.

Mr. CONNALLY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. The Senator does not contend that dismissal of the Sergeant at Arms would divest the Senate of jurisdiction to punish him for contempt if it saw fit later to do so?

Mr. BLAINE. I do not, but I do contend this—

Mr. CONNALLY. Then, why should we not go ahead and act and take up later the matter of contempt?

Mr. BLAINE. I contend that the Sergeant at Arms is before the bar of the Senate of the United States. The charge against him has been made. He has made certain replies. He has admitted the falsity of the magazine article. But I have not heard any word or any suggestion as to any extenuating circumstances. If the Senate is to proceed in an orderly manner, it will keep jurisdiction of the Sergeant at Arms and of the whole proceedings so that it can administer the punishment according to the offense that has been committed. I think in fairness to the Sergeant at Arms every opportunity should be given to him, that he may have the opportunity to plead such extenuating circumstances as he may have, that the punishment may be reduced from punishment for contempt to punishment by removal and perhaps even to the lesser punishment of suspension.

However, I am not prepared to vote upon the degree of punishment which should be administered until Mr. Barry has had an opportunity to present such facts and such circumstances as may relieve him from the more severe punishment.

Mr. President, it would seem to me that if the Senate acts hastily in this matter, if it removes Mr. Barry to-day, the people of the country may look upon the action of the Senate as having been done in a spirit of spite, in a spirit of revenge, in a spirit of vengeance. But if the Senate proceeds in an orderly way, I know the country will support the Senate if the Senate finds a malicious libel has been made against the Congress and the members thereof, and will sustain the punishment for contempt in addition to punishment by removal.

Mr. BINGHAM. Mr. President, it seems to me that we are in danger of acting more hastily than is in accord with the pride of our race and our inheritance. We are irritated by what has taken place; we are irritated by the charges that have been made. The Sergeant at Arms has told that he did not intend to libel the Senate; he has admitted that the language is more severe than he supposed it was.

He has told us that he had no opportunity to see the article in print, and everyone who has read in print anything that he has written or spoken is always surprised, sooner or later, to find that he has said something either by implication or indirectly which he did not intend to say.

The Sergeant at Arms, summoned before the bar of the Senate without counsel, endeavoring in his manner to explain what has taken place, faced by a Senate full of irritated Senators who do not like the implication or the charges which have been made, is at a very great disadvantage.

When the Senator from Pennsylvania suggested that this matter should be taken under consideration by the Judiciary Committee, and a prompt report made thereon, it appealed to me that that was the wise, the American, method to pursue; and I hope very much, Mr. President, no matter how irritated we may be with the charges contained in this article, that we will act with a little more circumspection, a little more self-restraint, than we appear to be about to do.

I am going to ask the Senator from Pennsylvania if he will not change his motion once more so that it may read that the Sergeant at Arms be suspended; that his case be referred to the Judiciary Committee for consideration; that he appear before them for full investigation, and that they then recommend at an early date to the Senate the steps they believe should be taken?

It seems to me, Mr. President, that if the Senator from Pennsylvania will amend his motion in that regard—

Mr. NORRIS. Mr. President, may I make an inquiry of the Senator from Connecticut?

Mr. BINGHAM. Certainly.

Mr. NORRIS. The Senator asks that the Judiciary Committee take evidence in the matter. What more evidence could we take? Have we not got the evidence? The Sergeant at Arms does not ask for counsel; he does not ask for delay; he does not ask that evidence be heard. Now if it were just put up to the Judiciary Committee, and they were authorized to take evidence, where would they go to get it? Whom would we summon? What kind of evidence would we take and what would we take any evidence for, when the entire matter has rested entirely upon the testimony of the defendant himself? I would not know where to go to get evidence; I would not know what kind of evidence to ask for. I do not know anybody that has any. Here is a charge made; the man admits it. He says, "I do not want delay; I have said it." Further on practically he says that the Senate and the House when they passed certain amendments were moved by demagoguery. He is an officer of the Senate. If he was not an officer of the Senate, I would feel differently about it. I do not understand why Senators are so anxious to give this man leniency and time and consideration and have a lawyer provided for him and all that, when he himself does not ask it. He flaunts it in our faces. And yet it is said that he must have a lawyer; he must go before the Judiciary Committee; there must be a trial; we must take evidence.

The PRESIDENT pro tempore. The Chair will say, before the Senator from Arizona leaves the Chamber, that the Sergeant at Arms has suggested to the present occupant of the chair that at some time—

Mr. NORRIS. I yield to the Chair. I did not know he was going to make an interruption.

The PRESIDENT pro tempore. The Chair thanks the Senator.

Mr. BINGHAM. The Senator from Nebraska did not have the floor.

Mr. NORRIS. That is right; I beg the Senator's pardon.

The PRESIDENT pro tempore. The statement was made to the Chair by the Sergeant at Arms that at some time before action is taken either before a committee or before the Senate he desires to make a statement.

Mr. BINGHAM. Mr. President, in view of that statement given to us by the Chair on behalf of the Sergeant at Arms, I trust the Senator from Nebraska will not press his motion, but will permit the matter to be referred to the Judiciary Committee, of which he is the distinguished chairman and

which is composed of lawyers accustomed to proceedings designed to secure justice. I am not a member of the bar; I am only familiar with the traditions of my family and of my race. We do not believe in what is sometimes called lynch law. We do not believe in drumhead courts-martial. Here is a matter which has been brought to our attention for the first time to-day. We saw it in the paper for the first time to-day. The Sergeant at Arms was immediately called before us. He answered questions in a somewhat contradictory and halting manner. We are about to place the stigma upon him of expulsion from his post contrary to the traditions of our race. Since he desires to make a statement to the committee—

Mr. NORRIS. Let him make it; he is right here.

Mr. BINGHAM. I hope the Senator will not press his motion for immediate action.

Mr. WATSON and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield and if so to whom?

Mr. BINGHAM. I yield to the Senator from Indiana.

Mr. WATSON. Mr. President, I went to Mr. Barry a moment ago, on my own personal responsibility, and asked him if he wanted to say anything further or if he had anything further to say, and if he wanted to say it here or if he wanted to go before a committee to say it. I also asked him if he wanted somebody to represent him. I said, "I am sure that the Senate will be willing to give you every possible opportunity to explain or extenuate the article or the words that you have written." He said, "Well, I should like to make a further statement." I said, "Do you want to make it before the committee?" He said, "No; I will make it right here." I will inquire of Mr. Barry if that was not his statement?

Sergeant at Arms BARRY. Yes, sir. I merely want to state—

Mr. BLAINE. Mr. President—

The PRESIDENT pro tempore. The Senator from Indiana happens to hold the floor.

Mr. BLAINE. I beg pardon of the Senator from Indiana. I will not interrupt Mr. Barry.

Sergeant at Arms BARRY. In the statement of Senator BLAINE I understood him to have said that I admitted this article was false and untrue. I do not think I made such an admission as that. I did not mean to make it. I made the statement that I had no opportunity to see the proof of this article; and that if I had and had gone over it more carefully, I might have seen that these words said what I did not intend to say. But I do not apologize for that; I have to stand on the article as it is. But I did not mean to say that it was misleading and false.

Mr. BLAINE. May I address an inquiry to Mr. Barry? Do you now contend that that portion of the article—in reference to Members of Congress accepting bribes—is false or true?

Sergeant at Arms BARRY. That is a matter of opinion. I can not produce evidence to show that any men were bribed or that any men might have been bribed or that they were not. That is only a matter of opinion.

Mr. BLAINE. You say it is a matter of opinion. Well, what is your opinion?

Sergeant at Arms BARRY. I am not expressing my opinion now.

Mr. BLAINE. Have you an opinion?

Sergeant at Arms BARRY. I think not to-day.

Mr. BLAINE. Not to-day. Would you have to-morrow?

Sergeant at Arms BARRY. Well, I do not think I would have to-morrow. I might have.

Mr. BLAINE. Did you have an opinion yesterday?

Sergeant at Arms BARRY. Not except as stated in that article.

Mr. BLAINE. When will you have an opinion?

Sergeant at Arms BARRY. I do not understand the question.

Mr. BLAINE. You said it was a matter of opinion whether the article was false or true.

Sergeant at Arms BARRY. I can not produce evidence on that.

Mr. BLAINE. I am inquiring what your opinion is as to the truth or falsity of the article?

Sergeant at Arms BARRY. I do not think the article is false or untrue.

Mr. BLAINE. You think the article is true?

Sergeant at Arms BARRY. I think it is true as written.

Mr. BLAINE. Then you plead the truth as justification for the article? Is that correct?

Sergeant at Arms BARRY. I have not done so.

Mr. BLAINE. What extenuating circumstances do you present?

Sergeant at Arms BARRY. None, except as I have stated them to the Senate.

Mr. BLAINE. Have you any?

Sergeant at Arms BARRY. No more than I have stated.

Mr. BLAINE. No more than what you have stated. Who is the editor of the magazine?

Sergeant at Arms BARRY. Alfred E. Smith.

Mr. BLAINE. When did he first consult you respecting this article?

Sergeant at Arms BARRY. I never saw him and never talked to him.

Mr. BLAINE. Did he write you?

Sergeant at Arms BARRY. He never wrote to me.

Mr. BLAINE. How did you come in contact with the magazine?

Sergeant at Arms BARRY. I explained all that to Senator LA FOLLETTE, that the owner of the magazine came over here to see me, but the editor of it, Mr. Alfred E. Smith, I know nothing about.

Mr. BLAINE. Who is the owner of the magazine?

Sergeant at Arms BARRY. Mr. Frank A. Tichenor.

Mr. BLAINE. Where does he live?

Sergeant at Arms BARRY. In New York.

Mr. BLAINE. He came to consult you?

Sergeant at Arms BARRY. Yes; about this matter.

Mr. BLAINE. And what was the agreement between you and the owner of the magazine?

Sergeant at Arms BARRY. I agreed to write a certain number of articles. The number was not stated, but this and one other—two of them—were sent to him. He wrote back, and I think I saw him and he accepted those two articles, and that is the last I heard of it. I never received any proof of the article.

Mr. BLAINE. What was the price that you were to receive for writing the articles?

Sergeant at Arms BARRY. As I told the Senate, \$250 apiece.

Mr. BLAINE. I did not hear the answer.

Sergeant at Arms BARRY. The price was to be \$250 apiece for these articles. He did not say how many of them or on what subjects they should be. He talked with me in a general way, but there was nothing said about this article. He did not discuss it.

Mr. BLAINE. Was there any other individual other than the owner who inspired you to write this article?

Sergeant at Arms BARRY. No, sir. I answered Senator LA FOLLETTE all those questions. Nobody spoke to me about it.

Mr. LEWIS. Mr. President—

The PRESIDENT pro tempore. The Senator from Illinois.

Mr. LEWIS. I have an observation which I can not altogether remove from the influence of a very long acquaintance with Mr. Barry and a very great sympathy for his situation as now disclosed.

Mr. President, it is within half an hour of 6 o'clock, and between now and that hour would give time for Mr. Barry to obtain counsel, and to have some private conferences with such counsel. Then he could come before this body, after having received the advice of counsel, and disclose or have disclosed whatever would be an extenuation, such as, for instance, whether he had read the article after it had been prepared, whether he had reviewed it, whether he had

seen it after it was put into form, and what were the particular circumstances which led him to such conclusions as he now confides he knew no foundation for.

I respectfully suggest that when a Member of this body has been charged with bribery, as history shows, he was first accorded opportunity to consult counsel; investigation was allowed, and time for the consideration of all the facts, and then a report was made to the body, and action taken by the body.

I respectfully suggest that under the present circumstances the Chair could name any Senator to act as counsel for Mr. Barry, or let Mr. Barry choose any one. Let him have a conference with his counsel. It is now half-past five. Within 30 minutes the conference could be concluded. He will have had some time for self-consideration. His counsel would have had an opportunity to consider the subject matter as the facts might reveal and the method in which he could come before the Senate and present the evidence or a communication from Mr. Barry.

I feel, sir, that some one should be named, either at the selection of Mr. Barry or at the instance of the Chair, to represent him, and that Mr. Barry should have some moments for consultation with such representative, and then that we resume the subject in such formal manner as may be proper after he has had opportunity for reflection and conference, and then treat him in such a way as has been the practice of the Senate in matters equally grave and much more severe.

Mr. Barry is being charged with an offense that is very grave. It is grave because it violates the confidence of the men who reposed a confidence in him and chose him. It is grave because it goes to the country as the belief of an officer of this body that men could be guilty of such things as the article intimates. It is equally grave in view of the fact that the general public to-day is having its confidence in legislative bodies undermined by misrepresentations and misunderstandings; and all of that is well calculated to give rise to some heat of disposition and some feeling of resentment on the part of the body. But it is just such a moment as that that tests the character of justice and the strength of honor of this honorable body; and we respectfully suggest that in view of the long practice and habit—I may say, procedure—that is always applied in matters of offenses charged, there ought not to be an exception now.

An exception could be made in the length of time to be given; but it is perfectly apparent that this particular gentleman seems to be under some strange influence. It is clearly apparent to me that some one has been suggesting to him matters that caused him to write such indictment as is found in the first paragraph of the article. It is evidence to me that some sources have stimulated him.

I respectfully, therefore, suggest to this honorable body the wisdom and justice that there be a designation of some one as counsel, either at the suggestion of Mr. Barry—let him make his choice if he desires—or by the Chair let a designation be made, and let him have the time of half an hour or an hour, and at the end of such time then be brought before the body for such explanation as his counsel may give and the statement of such position as Mr. Barry then feels he should take. Otherwise, we stand as making an exception in the matter of the trial of an alleged offender, which will be imputed, sir, either to quick, sudden temper and a lack of self-control on the one hand, or to a desire to equip ourselves with a new-established faith from the public, by our acting in such mad fury as to restore ourselves to public confidence which we fancy we have lost.

Mr. TRAMMELL. Mr. President—

Mr. LEWIS. I yield to the Senator from Florida.

Mr. TRAMMELL. I desire to ask the Senator from Illinois if he has not cited precedents that usually prevail in cases that are contested, and where the defendants plead not guilty, instead of the precedent of a case in which the defendant comes into court and admits his guilt, as Mr. Barry has done in this instance.

Mr. LEWIS. My answer to the Senator from Florida is that the courts of this country will take a man's plea of guilty, but still be conscious that the man himself may not be conscious to what extent that plea would go, in what it involves him; and, therefore, investigations will be entered by the court before it will inflict the punishment, in order that, in the language of the ancient line, "The punishment may fit the crime."

I feel that while Mr. Barry may say he did the acts, yet, sir, there may be circumstances surrounding him which by inquiry and consultation may be disclosed and brought before this body that could soften the penalty and that that opportunity ought not to be shut off from him, or opportunity of counsel and the calm privilege of defense denied him, if there be such. For that reason I suggest that he ought to have counsel, a short period of time for consultation, and then, sir, the conclusion of judgment to follow this afternoon.

Mr. ROBINSON of Indiana. Mr. President, I do not hold any brief for the Sergeant at Arms. I recognize perfectly well that he has committed a very grave indiscretion. I also recognize that he is wholly within the power of the Senate; and I submit to my colleagues here that he is not in an enviable situation as a defendant.

It seems to me the procedure of the Senate in the last two hours has been more or less amazing.

Here is an employee of the Senate, its Sergeant at Arms. He finds himself confronted with a charge suddenly, and he is haled before this powerful body without knowing what it is all about.

Every Member here is accustomed to standing on his feet and participating in debate. He has to defend himself from charges almost as grave as those suggested by the Sergeant at Arms right on this floor, time and again. He has become accustomed to the procedure; and here we drag before this body a timid man who has never had any opportunity to speak on this floor, who knows little about the procedure, and nothing about court customs, of course. Some of us have presided over courts and are familiar with judicial methods; and then the Senate proceeds, or gets ready to proceed, to act as a mob—nothing less than that, Mr. President. We propose to rend asunder the defendant and disgrace him. He has not a chance on earth. He was convicted before he ever came to this floor, and he has made some unfortunate admissions against his own interest.

Mr. President, I submit that the worst criminal in the world would get a squarer deal than that before any American court.

I think the first suggestion made by the Senator from Pennsylvania [Mr. REED] was a proper one. I think this case should have gone before the Committee on the Judiciary. It was perfectly proper to hale the Sergeant at Arms in here, if you want to bring him here, and let him tell his story, though he has had no opportunity whatever for preparation; but then, before taking action in the matter, we should be fair, be decent and honorable about it, and give him the same chance one would expect to have for himself if in a similar situation. Let the matter be referred to the Committee on the Judiciary. Then let Mr. Barry appear before that committee if he desires to do so. Then let that committee deliberate on the question whether or not there shall be any punishment; if punishment, how severe it shall be; if judgment shall be rendered, what that judgment shall be; and go at it soberly, judicially.

That is the way we proceed in all other matters where defendants are brought before courts.

I dislike very much to disagree with my esteemed friend the very distinguished Senator from Nebraska [Mr. NORRIS], for whom I have great affection and very high regard, but I do not agree with him in his position that "the evidence is before the court; now let us decide it, here and now." I think we can very well deliberate in the Committee on the Judiciary. The members could go over the matter carefully. After having given earnest thought to it for a day

or two they may not be so anxious to tear this man to pieces as some of us seem to be this afternoon.

Juries do that, Mr. President. A defendant appears before a court. The evidence is put in the record. After the evidence has been adduced, the jury retires to deliberate—12 fair and impartial men. Then they decide what shall be done. Why can we not be just as fair as a jury? Why would it not be the proper procedure to let this matter go before the Committee on the Judiciary, and then, if Mr. Barry has any further evidence to offer, let him appear there and testify, and then let the Committee on the Judiciary deliberate on what the punishment shall be, report back to the Senate, and let the Senate then discuss the matter as much as it chooses, finally arriving at a decision which shall be just and fair?

Mr. SHIPSTEAD. Mr. President, I should like to ask the Senator from Nebraska [Mr. NORRIS] a question. He is the chairman of the Judiciary Committee. Not being a lawyer, I hope the distinguished lawyers here will pardon me for asking a question which may seem very irrelevant.

I have found it difficult to determine who is the accuser and who is the defendant here. The Sergeant at Arms has made certain charges against the Senate. He is brought before the Senate so that the Senate may be faced with its accuser. He says he stands upon the article. The truth or untruth of the article he says is a matter of opinion. I should like to be informed who is the defendant here.

Mr. BLACK. Mr. President, perhaps if there has been any time when the action of the Senate would justify criticism, it has been in the last two or three hours.

There is no man on trial here for a crime. This gentleman is employed by the Senate. The Senate employs him, and the Senate can discharge him. He is not on trial for contempt. If the Senate desires to prefer charges for contempt, it can do so later. Personally, I do not.

It is my judgment that if he has committed a criminal libel, in so far as the libel is concerned, that should be tried before a jury. The only issue here is not whether he has had counsel for preparation, as the Senator from Indiana [Mr. ROBINSON] says—preparation for what? He does not claim to desire preparation to tell the truth.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. BLACK. I yield to the Senator.

Mr. ROBINSON of Indiana. Why this haste? may I suggest to the Senator. This matter could have gone over until to-morrow or the next day—

Mr. BLACK. It could have gone over until the 4th of March.

Mr. ROBINSON of Indiana. And we could have told Mr. Barry something of the charges that were going to be lodged against him. I have never read the article. I have just heard excerpts from it read. I do not know what is in it; but, regardless of what is in it, Mr. Barry ought to have a fair chance, and he ought to be advised in advance that he is going to be haled before this powerful body, so that he can be prepared.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BLACK. I yield to the Senator.

Mr. BARKLEY. The Sergeant at Arms has testified here that he wrote this article himself, that he was solely responsible for its preparation, and that he produced it. We are bound to assume that he did it in deliberation, and not in haste.

He now says that while there is no justification for the article, while he has no evidence that anybody in either House has ever accepted a bribe, he still stands on the article as he wrote it, and that he received pay for it.

It is not like jerking a man up into court without any knowledge of anything that he has done. What Mr. Barry has done in violation of his relationship to the Senate has been done deliberately. He knew he wrote the article when he wrote it. He has known ever since he wrote it that he did

write it. He knew it was going to appear in this magazine. He may have been surprised at its appearance in February instead of in March, when it would have been too late for the Senate to have taken official notice of it; but he has known all the time that this article was going to be published, and he was the instigator of it.

Mr. BLACK. Mr. President, in so far as the jury's deliberation is concerned, I never heard, until it was stated by the Senator from Indiana, that after a jury heard the evidence in the case they were required to wait a day, or 10 days, or 2 weeks, before they reached a verdict. There is no precedent of that kind I have ever heard of. A jury hears the evidence, and then the jury is presumed to act. Of course, they can talk, they can keep on talking, they can keep on talking, and they can keep on talking for the next year, or they can act.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield there?

Mr. BLACK. Let me proceed just a little further with reference to one or two other matters. After I have concluded I shall be glad to yield to the Senator for any question.

Mr. Barry has not asked for an attorney. I have never seen a gentleman more composed. I predict that there will be still more interesting articles appearing in the magazine, probably at an increased price, after this hearing, and that the price will go up in proportion to the number of days of delay.

There has been no indication on Mr. Barry's part that he is greatly disturbed. He was asked if he desired counsel, and he said no. Of course, it may be that we should have compelled him to accept counsel before he stated whether he wrote the article for which he got \$250. Maybe it would have been wise on our part to have said, "Go and get a lawyer, so that you may know whether to tell the truth about whether you got \$250 to write the article."

If we were trying Mr. Barry in a court, and he were being subjected to a trial which might result in imprisonment, there would be some reason for all this solicitous talk about the procedure, but we know that in all probability Mr. Barry will not be Sergeant at Arms after March 4, anyhow, so there is probably involved only a matter of a few days.

Mr. Barry is an employee of the Senate. Certainly this gentleman owes loyalty to his employer. It may be true that if an employee of the Senator from Indiana were to make charges against the Senator from Indiana, and sell them to the public press for a consideration of \$250, the Senator from Indiana would then call the employee in and say, "Get a lawyer, hire the best lawyer you can get, in order to help you determine whether or not you will tell me the truth as to whether you made a disloyal statement about me."

If the Sergeant at Arms had any basis for the statement he made, no one would have a right to complain. If there is any basis on earth for his having made the statement that there are Senators and Representatives, only a few of them, who sell their votes, no one would have a right to complain. But there is only one single, solitary, lonesome issue here. A statement is made as plainly as a man can make it that there are a few men in the Senate and the House who sell their votes for money.

No one who knows of the intelligence of the Sergeant at Arms would doubt that he knew what he was saying when he said that. Then he comes into the Senate and says that he said it. And now, with all the important legislation that is awaiting action, we have already taken more than two hours to determine whether or not we will keep him as an employee of the Senate or will discharge him from his employment with the Senate.

It is my judgment that the country would be far better off, if we want to delay the matter, if we simply let Mr. Barry serve on until March the 4th, and let the country know that we are going to deliberate on it for about 30 more days, while a few more million people get out of employment in this country, and while we hesitate and dilly-

dally and delay as to whether we will force a man to take a lawyer when he does not want a lawyer.

Shall we employ a guardian for the gentleman, and say, "Now, you are not right, your mentality is weak, you need a lawyer"? Shall we get him a doctor at the same time?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CONNALLY. Frankly I will say to the Senator that I think we ought to appoint a guardian ad litem for him. I think that is what he needs.

Mr. BLACK. Mr. President, I desire to say that, so far as I am personally concerned, I can certainly vote on the question of whether the Sergeant at Arms shall be retained as well to-day as I can next week.

Mr. DILL. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. DILL. The elaborate speeches which have been made about the awful punishment that is to be meted out because we take a man off the pay roll would make one think it was worse than if he were to be sent to the penitentiary.

Mr. BLACK. I might state to the Senate that there are probably a great many others who are going to have that punishment after the 4th of March, without the benefit of counsel.

Mr. WATSON. Why bring that up. [Laughter.]

Mr. BLACK. Mr. President, I desire to say to the Senator from Indiana that there was no personality intended in my remarks.

Mr. President, this is the situation. Mr. Barry decides he wants to write some articles. He knows he can sell them better the more sensational they appear. That is a well-known fact. It is also well known that the Senate is a rather good target. Particularly is it a good target for a man who has been working for the Senate for a number of years.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. Further along in the same magazine, on page 57, there is an explanation on the part of the magazine of the opportunities which Mr. Barry has to observe the operations of the Senate, and that therefore he must know what he is talking about.

Mr. BLACK. Naturally. I have not read the other articles which Mr. Barry has already prepared. I shall await them with some interest. But I predict that there will be still further articles appearing after the 4th of March. But, Mr. President, why are 96 men asked to wait until to-morrow, or next week, to take action on whether or not they will retain an employee who, at best, will be retained only until the 4th of March?

I sincerely hope, for myself, that if it is going to be delayed, and we have to listen to more speeches and more arguments about counsel and lawyers, and haling people before the bar of the Senate, when Mr. Barry was perfectly willing to come, I sincerely hope that we may simply forget it.

As a matter of fact, I do not know that anybody is going to be injured materially by the decision whether Mr. Barry shall remain in the employment of the Senate or not. Personally, I am of the opinion that when a man acts disloyally to those who employ him, he should be discharged. That is the only issue here, whether or not it is right for a man holding the responsible position Mr. Barry holds to take advantage of his opportunity to make statements leaving the inference that men are guilty of the crime of bribery, when he admits without counsel, as I presume he would admit with counsel, that he had no evidence on which to base his charge.

Let us dispose of the matter. I believe 100 per cent with the Senator from Nebraska, that we ought to act and act before we adjourn to-night. It is not a question of what the country will think. If it were, I ask Senators in which attitude will the Senate show itself up in better light before the country, to delay another day or another week in deciding whether or not it will keep an employee and dilly-dally around about vital legislation affecting the people of

this country, or have some more speeches on the ancient right to have a trial by jury, on the traditions of our race. If we are talking about the traditions of our race, I would judge that one of the traditions the Senator should have referred to is that, as suggested by the Senator from Nebraska, when somebody hits you in the face you do not say, "I will take it up with you next week, after you have consulted your lawyer."

Mr. President, the issue, let it be borne in mind, is this and this only: Shall Mr. Barry be retained, or shall he be discharged? Personally, I think we ought to act, and act now. Mr. Barry has made no request that we delay. He has asked for no advice of a lawyer. He knows he needs none. Mr. Barry knows, as he knew a while ago, that if he came before the Senate again he would make the statement just as he made it before. Certainly no lawyer would advise him to make a different statement, if he were the type of lawyer Mr. Barry ought to have.

Mr. President, I sincerely hope that if any one does make a motion to adjourn or to recess, the Senate will stay in session until it disposes of this matter. As a matter of fact, I am of the opinion that the safety of the Nation does not depend on how we vote on Mr. Barry.

SEVERAL SENATORS. Vote! Vote!

The PRESIDENT pro tempore. The question is upon the amendment in the nature of a substitute offered by the Senator from Nebraska [Mr. NORRIS].

Mr. BULKLEY. Mr. President, before we vote I would like to inquire whether the Sergeant at Arms has anything further to say to the Senate.

The PRESIDENT pro tempore. The Sergeant at Arms may proceed.

Sergeant at Arms BARRY. I think not, except with reference to Senator BARKLEY's suggestion a moment ago. I explained earlier in the discussion that I knew the article would be printed in February, and so I thought it was rather unfair that he should have insinuated that it might have gone over until March, when I would no longer be Sergeant at Arms. I knew it was to appear in February.

Mr. BARKLEY. Mr. President, in that connection, I understood the Sergeant at Arms in his first statement, before I interrogated him, to say that he was surprised that the article was published as soon as it was.

Sergeant at Arms BARRY. I knew it was to be published in February.

Mr. BARKLEY. If there is any controversy about whether he said that, I would like to refer to the notes of the reporter. Mr. Barry's statement was the basis of my inquiry.

Sergeant at Arms BARRY. I had been expecting it, but I had not received any proof.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute proposed by the Senator from Nebraska [Mr. NORRIS] to the motion proposed by the Senator from Pennsylvania [Mr. REED]. The motion of the Senator from Pennsylvania is—

That the Sergeant at Arms be suspended from office until further action of the Senate, and that at 4 o'clock p. m. on February 10 the Senate proceed with the matter to a final disposition.

An amendment in the nature of a substitute to that motion is proposed by the Senator from Nebraska [Mr. NORRIS] in these words:

That David S. Barry be, and he is hereby, removed from the office of Sergeant at Arms of the Senate.

The question is on agreeing to the amendment in the nature of a substitute.

Mr. COPELAND obtained the floor.

SEVERAL SENATORS. Vote! Vote!

Mr. COPELAND. Mr. President, no man knows how physical disabilities might serve temporarily to warp the judgment of any individual. Who is there here who knows what caused Mr. Barry to use the particular language in question? Apparently he does not know now what language he did use. The fundamental reason for the act might be something entirely different from the more obvious one.

I want to ask in all fairness, Mr. President, what would be gained by speedy action? We are not dealing with a mad dog. Here is a human being who has made a mistake. I am confident that he has made a mistake. That must be admitted.

But there was sprung upon him without warning of any sort a serious accusation. What one of us would have made a better case under similar circumstances? It will not hurt us to adopt the alternative motion and take time to inquire into all the facts. This will involve our considering the physical basis for opinions that the man might hold and utter under these circumstances.

That is the American ideal of justice, and it will reflect greater credit, in my judgment, upon the Senate if it takes that considered action.

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. That is all I have to say, Mr. President; but I am glad to yield to the Senator from Nebraska, or to yield the floor to him.

Mr. NORRIS. I want to ask the Senator if it is his opinion that we ought to delay to take evidence as to the physical ability or disability of the Sergeant at Arms?

Mr. COPELAND. I hinted at that.

Mr. NORRIS. Does the Senator mean—

Mr. COPELAND. I do not care to debate it. Every man here knows exactly what I have in mind. Before I made this statement I talked with our colleague, the Senator from West Virginia [Mr. HATFIELD], who takes exactly the view that I do, that, under all the circumstances, we ought to be more considerate in dealings with this matter and not take too hasty action.

Mr. NORRIS. As I understand it, then, in reality the Senator is interposing a defense of insanity here. If that is the case, and we assume it to be true, is not that sufficient justification for action and to have him removed from office? We do not want an insane man for Sergeant at Arms.

SEVERAL SENATORS. Vote! Vote!

The PRESIDENT pro tempore. The question is on the amendment in the nature of a substitute proposed by the Senator from Nebraska. [Putting the question.] The yeas seem to have it.

Mr. NORRIS. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, a parliamentary inquiry. The PRESIDENT pro tempore. The Senator will state it.

Mr. BINGHAM. It has been suggested to me that, in view of the fact that this is in the nature of impeachment proceedings, pairs do not hold, as they do not hold in an impeachment proceeding. I rise to ask the Chair whether that is the custom of the Senate or not.

The PRESIDENT pro tempore. The form in which the matter comes before the Senate at this minute is in the nature of a simple motion. Therefore, a majority is sufficient to carry the affirmative. Under these circumstances the Chair would think that pairs were valid. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator from Mississippi [Mr. STEPHENS] and not knowing how he would vote and being unable to obtain a transfer of my pair, I withhold my vote. If permitted to vote I would vote "nay."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing his view on this question I must of course withhold my vote. If permitted to vote I would vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote I withhold my vote. If permitted to vote I would vote "nay."

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr.

PATTERSON] who is absent on account of a death in his family. I am not informed how he would vote. Therefore I withhold my vote.

Mr. WALSH of Massachusetts (when his name was called). A short time ago the senior Senator from Wisconsin [Mr. LA FOLLETTE] left the Chamber to be absent some time. He asked me to pair with him on the Johnson amendment. After conferring with his colleague, the junior Senator from Wisconsin [Mr. BLAINE] I am of the opinion that perhaps he expected me to pair with him during the entire time of his absence. Therefore I announce my general pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE] and, not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. DAVIS (after having voted in the negative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote I withdraw my vote.

Mr. HEBERT. I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. BRATTON (after having voted in the affirmative). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL]. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON] and let my vote stand.

Mr. WALSH of Massachusetts. After further conference with the colleague of the senior Senator from Wisconsin [Mr. LA FOLLETTE] I feel free to withdraw the announcement of my pair and vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON].

The result was announced—yeas 31, nays 40—as follows:

YEAS—31

Bankhead	Clark	Kendrick	Russell
Barkley	Connally	McGill	Sheppard
Black	Coolidge	McKellar	Smith
Bratton	Dill	Norris	Thomas, Okla.
Brookhart	Fletcher	Nye	Trammell
Bulkley	George	Pittman	Walsh, Mass.
Bulow	Gore	Reynolds	Walsh, Mont.
Byrnes	Hull	Robinson, Ark.	

NAYS—40

Ashurst	Fess	Kean	Schuyler
Austin	Frazier	Keyes	Shipstead
Barbour	Glass	Lewis	Smoot
Bingham	Goldsborough	McNary	Steiger
Blaine	Grammer	Metcalf	Townsend
Capper	Hale	Moses	Tydings
Copeland	Hastings	Norbeck	Vandenberg
Couzens	Hatfield	Oddie	Walcott
Dale	Hayden	Reed	Watson
Dickinson	Johnson	Schall	White

NOT VOTING—25

Bailey	Davis	Logan	Swanson
Borah	Glenn	Long	Thomas, Idaho
Broussard	Harrison	Neely	Wagner
Caraway	Hebert	Patterson	Wheeler
Carey	Howell	Robinson, Ind.	
Costigan	King	Shortridge	
Cutting	La Follette	Stephens	

So Mr. NORRIS's substitute was rejected.

The PRESIDENT pro tempore. The question recurs to the motion made by the Senator from Pennsylvania [Mr. REED].

Mr. ROBINSON of Arkansas. Let the motion be stated.

The PRESIDENT pro tempore. The motion is that the Sergeant at Arms be suspended from office until further action of the Senate and that at 4 o'clock p. m., on February 10, the Senate proceed to the final disposition of the matter.

Mr. NORRIS. I move to amend by striking out "February 10" and inserting "next Monday."

Mr. WATSON. That would be February 6?

Mr. REED. I am satisfied to accept that modification.

The PRESIDENT pro tempore. If the Senator from Arizona will permit the Chair to make another observation—

Mr. ASHURST. Mr. President, a point of order! The Senator from Arizona was sitting in his seat in a respectful manner. With all respect to the Chair I do not know why I should be singled out in this way. I am not interrupting the Chair. The Chair interrupts himself enough without an interruption from me.

Mr. NORRIS. Mr. President, I want to change the date. I understand that next Monday is the day fixed for the Coolidge eulogies. I would suggest that it be made Tuesday instead of Monday.

Mr. WATSON. That will be February 7. I am wondering whether the Senator will not be willing further to modify his motion so as to provide that in the meantime the Committee on the Judiciary shall take charge of the case, or that it shall be referred to the Committee on the Judiciary. Otherwise we leave the matter up in the air.

Mr. REED. Mr. President, I am perfectly willing to modify my motion to provide that until the time set for action by the Senate the matter shall be referred to the Committee on the Judiciary.

Mr. WATSON. I thank the Senator.

Mr. BINGHAM. Mr. President, may I suggest to the Senator from Pennsylvania that the Judiciary Committee be directed to report to the Senate not later than noon of Tuesday?

Mr. REED. That would follow necessarily.

Mr. WALSH of Montana. Mr. President, in view of the action apparently contemplated by the Senate, I submit the following resolution:

(S. Res. 345)

Resolved, That the proceedings of the Senate this day had in the matter of the Sergeant at Arms be certified to the district attorney of the District of Columbia with a view to prosecution under section 38 of title 6 of the Code of the District of Columbia, as follows: "Whoever publishes a libel shall be punished by a fine not exceeding \$1,000 or imprisonment for a term not exceeding five years, or both." And also to the district attorney for the southern district of New York for appropriate action by him.

The PRESIDENT pro tempore. Will the Senator withhold that until the Senate has acted on the motion of the Senator from Pennsylvania?

Mr. WALSH of Montana. I am going to ask that the resolution be referred to the Committee on the Judiciary.

Mr. LEWIS. Mr. President, first may I be permitted to say that I am not quite sure of whether my position is parliamentary correct, but I wish to add an amendment to the amendment tendered by the Senator from Indiana [Mr. WATSON].

The PRESIDENT pro tempore. There is no amendment of that sort. The Chair understands the Senator from Pennsylvania to have accepted the suggestion of the Senator from Indiana.

Mr. LEWIS. If the matter is sent to the Judiciary Committee, I should like to suggest a modification to provide some form of representation, of counsel, for Mr. Barry.

Mr. REED. I do not want to accept that, Mr. President.

Mr. BLAINE. Mr. President, I rise to inquire what the Senator from Pennsylvania expects the Committee on the Judiciary to do within the short time given to the committee?

Mr. WATSON. That is up to the committee.

Mr. BLAINE. It is not up to the committee. There will be no opportunity—

The PRESIDENT pro tempore. What is the inquiry made by the Senator from Wisconsin?

Mr. BLAINE. The inquiry has been made and answered but the answer is unsatisfactory. This matter will simply repose in the archives of the Judiciary Committee without any opportunity on the part of that committee to subpoena witnesses.

Mr. President, I think that the Senate in this matter ought to postpone the report of the Judiciary Committee until there is an opportunity for that committee to issue subpoenas, not only to the publishers but to the editor of

the magazine containing the article and to other witnesses who the committee may eventually determine to be material witnesses. So far as I am concerned, it appears to me that the Senate ought to go into this matter thoroughly and ascertain whether any of its Members are guilty of receiving bribes. The issue, in my opinion, is raised above the mere matter of whether or not the Sergeant at Arms shall be removed or punished for contempt. The issue is far more important than that. Simply to let this matter rest with the committee, with no opportunity to make any examination, seems to me to be a procedure that could not be better designed that the facts shall not be made known as they ought to be made known. Therefore I move, as an amendment, to the original proposition to insert "Friday" instead of "Tuesday," giving the Judiciary Committee an opportunity to make some kind of an investigation.

The PRESIDENT pro tempore. Let the Chair understand definitely the formal words in which the Senator from Wisconsin makes his motion. As the Chair now understands, the Senator from Wisconsin wishes to have the date February 10 retained in the motion of the Senator from Pennsylvania, with the purpose of permitting the Judiciary Committee, under the amendment suggested by the Senator from Indiana and agreed to by the Senator from Pennsylvania, to take evidence and be ready to render judgment in the matter. Is that the purpose of the Senator from Wisconsin? Otherwise the Chair will have to insist that the Senator reduce his amendment to writing.

Mr. BLAINE. The purpose, so far as I am concerned, is to give ample time within which the Judiciary Committee may make the investigation of this whole matter, not only as it relates to the Sergeant at Arms but as well to other questions that are involved—

Mr. GEORGE. The committee might report to the next Congress; that would be a good time.

Mr. BLAINE. But obviously that is impossible to do by next Tuesday.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REED. As I understand my own motion, it provides for action on next Tuesday, the 7th of February.

The PRESIDENT pro tempore. That is correct.

Mr. REED. The Senator from Wisconsin moves to amend that to make the date the 10th. That is a simple motion and can we not have a vote on it?

The PRESIDENT pro tempore. The Chair understands the question before the Senate to be this: The Senator from Pennsylvania has moved that the Sergeant at Arms be suspended from office until further action of the Senate and that at 4 o'clock on Tuesday, February 7, the Senate proceed to the final disposition of the matter, in the meantime the whole subject to be referred to the Committee on the Judiciary.

Mr. WATSON. That is correct.

The PRESIDENT pro tempore. The Senator from Wisconsin moves to strike out "February 7" and insert "Friday, February 10." The question is on that motion.

Mr. GORE. Mr. President, I merely desire to suggest that the Committee on the Judiciary consider the advisability of recommending that on February 10 the Sergeant at Arms be decorated with a medal of honor, the *croix de guerre*, and be retired on full pay after March 4.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Wisconsin to the motion of the Senator from Pennsylvania.

The amendment was rejected.

The PRESIDENT pro tempore. The question recurs on the motion proposed by the Senator from Pennsylvania.

The motion was agreed to.

Mr. WALSH of Montana. I now ask that the resolution I sent to the desk may be referred to the Committee on the Judiciary.

The PRESIDENT pro tempore. Without objection, the resolution, Senate Resolution 345, will be received and referred to the Committee on the Judiciary.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. The question now recurs on the amendment proposed by the Senator from Maryland [Mr. TYDINGS] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. ODDIE. Mr. President, last night I made the statement to the Senate that I would request the Senate to remain in session to-night in order, if possible, to complete this bill. The time is so short before the closing of the present session of the Congress that it is necessary to make all possible haste, and I now request the Senate to remain in session to-night and continue the consideration of this bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland [Mr. TYDINGS] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. TYDINGS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Sheppard
Austin	Dale	Keyes	Shipstead
Bankhead	Davis	Lewis	Shortridge
Barbour	Dickinson	McGill	Smith
Barkley	Dill	McKellar	Steiwer
Bingham	Fess	McNary	Thomas, Idaho
Black	Fletcher	Metcalf	Thomas, Okla.
Blaine	Frazier	Moses	Townsend
Bratton	George	Nye	Trammell
Bulkeley	Goldsborough	Oddie	Tydings
Bulow	Gore	Pittman	Vandenberg
Byrnes	Grammer	Reed	Wagner
Capper	Hale	Reynolds	Walsh, Mass.
Clark	Hastings	Robinson, Ark.	Walsh, Mont.
Connally	Hatfield	Robinson, Ind.	Watson
Coolidge	Hayden	Russell	White
Copeland	Hebert	Schall	
Costigan	Johnson	Schuyler	

The PRESIDING OFFICER (Mr. Fess in the chair). Seventy Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I ask to have the amendment read at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the amendment of the Senator from California it is proposed to add the following:

That hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury.

Mr. TYDINGS. Mr. President, the amendment explains itself. All it provides is that where we have appropriated money for crop production and where we already have an exportable surplus of that crop, those sums shall revert to the Treasury.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. TYDINGS. Yes.

Mr. REED. Why does the Senator advance that as an amendment to the pending amendment of the Senator from California?

Mr. TYDINGS. Only in the interest of economy, because I am forced to get at it in this way.

Mr. REED. I do not think so. Oh, I see! The Senator does not think he can get the votes to suspend the rules for the purpose of offering it?

Mr. TYDINGS. I can not get it on an appropriation bill, and I am afraid I can not get the appropriation reduced except in this way.

Mr. REED. I think a great many of us feel as I do, that as an independent proposition I would vote for the amendment of the Senator from Maryland; but I will vote against it now, because I think it jeopardizes the success of a very valuable amendment now pending.

Mr. TYDINGS. I do not think it does, may I say to the Senator from Pennsylvania. In this appropriation bill there is a long section devoted to legislation, and I have simply offered this amendment in that particular category.

I want to point out to the Senator from Pennsylvania, and I know that as a business man he will at least agree with this logic, that where we have an exportable surplus now that we can not sell we are only compounding our difficulty when we appropriate money for crops to add to that surplus. It seems to me to be so ridiculous as a matter of congressional policy that we ought not to waste this money.

There is practically nobody in my State that I know of who has protested against it. These agents are out in every agricultural county in every State in the Union. But what is the use of appropriating money to produce a crop when we are already carrying over a year's world supply of some crops next year? Is it not only going to add more to the surpluses which we can not move? Is it not only going to depreciate the price still further? Is it not only making a burden upon the taxpayers that they will have to pay in the future? When we need to save money, why should we appropriate money to produce a crop of which we already have so much that we can not sell it?

Mr. DILL and Mr. VANDENBERG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. Yes; I yield.

Mr. DILL. Mr. President, will the Senator name some crop that we can produce on loans of which we do not have a surplus?

Mr. TYDINGS. I do not attempt to say what they are; but I stick to the basic proposition that wherever we have a crop for which there is no demand whatever, of which there is an overwhelming supply, we ought not to appropriate the people's money to produce more of something that we can not sell now.

Mr. DILL. I want to remind the Senator that there is a surplus to-day of all the basic crops that we produce in this country.

Mr. TYDINGS. An exportable surplus?

Mr. DILL. An exportable surplus. We can not export it, because nobody will buy it all.

Mr. TYDINGS. There are many crops that we raise in America that we do not export.

Mr. DILL. Will the Senator name some of them?

Mr. TYDINGS. Turnips, radishes, tomatoes, sugar corn.

Mr. DILL. I doubt that. We do export them to Canada.

Mr. TYDINGS. Oh, no—very little, at any rate.

Mr. DILL. Oh, yes, we do!

Mr. TYDINGS. But that would not be called an export in this general category.

Mr. DILL. There are no exceptions made here. The Senator is going to shut out every wheat farmer, every cotton farmer, every corn farmer in America.

Mr. TYDINGS. That is right.

Mr. DILL. And they have to live.

Mr. TYDINGS. What will we do, may I point out to my friend from Washington, if we do not shut them out? We will add to an already staggering surplus, and take dollars and cents—because we will have increased the supply without increasing the demand—from every other farmer who now is struggling to pay his interest.

Mr. DILL. Let me ask the Senator a question.

Mr. TYDINGS. I yield.

Mr. DILL. Does the Senator think it is proper that there shall be no loans to men on the farms who want to produce enough corn and enough wheat to feed the stock that is necessary to be kept on the farm for purposes of farming?

Mr. TYDINGS. Why, yes, Mr. President. I mean to say, generally speaking, that the problem of America to-day is, What is it going to do with its huge surpluses which it can not handle, and which have glutted the business market? That is all.

Mr. DILL. The trouble with the Senator is that the language of his amendment would prohibit any loans to the people who are trying to live for the purpose of maintaining

their livestock and their dairy cattle and their chickens on which they are able to survive. The Senator will not allow them to be loaned a single dollar to produce the grain needed to feed them.

Mr. TYDINGS. And what will be the result if we do lend them the money?

Mr. DILL. They will be able to live, at least.

Mr. TYDINGS. We have here in America a world's supply of cotton for next year, carried over from 1932 to 1933, enough to supply all the world with cotton, and still we are appropriating money to produce more cotton. There is absolutely no law of economics or common sense, in my humble judgment, which will justify that.

Mr. FRAZIER and Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from North Dakota.

Mr. FRAZIER. Mr. President, I want to ask the Senator from Maryland if he does not think there are cases where drought has stricken a part of the country, or where storms have wiped out the crops that were to have been used for feed, where we are justified in loaning the farmers in those communities enough at least to take care of their livestock and to live upon for another year?

Mr. TYDINGS. If that is the case, let the people borrow from the Reconstruction Finance Corporation, and let the State lend to those farmers sufficient money to carry them through, which sums of money are already provided. That is what we do for the man in the city. We lend to the State or the city a sum of money, and the State maintains him with the funds borrowed from the Federal Government until such time as he can get a job.

What I am complaining about is compounding the very difficulty from which we are attempting to escape. We all stand up here and say, "What is going to become of the farmer with all of this surplus which he can not sell?" What is going to become of him, I ask, if to that surplus we add another tremendous surplus for which there is no market?

Mr. SMITH. Mr. President—

Mr. TYDINGS. I yield to the Senator from South Carolina.

Mr. SMITH. I think the Senator feels as the rest of us do. If we are going to start embargoes and stop exportation, why produce anything here for export?

Mr. TYDINGS. The Senator is right.

Mr. SMITH. In this case, however, we are appropriating millions of dollars for the unemployed. We already have a surplus of labor, known as the unemployed. They must be fed and taken care of. The question is whether it is better to take care of these men on the farms, even though they do produce a modicum that might be added to their exportable surplus—

Mr. TYDINGS. Mr. President, I am going to remind my good friend from South Carolina that he is speaking in my time, which is limited, and I have already given him three minutes.

Mr. SMITH. All right; I will finish in my own time.

Mr. TYDINGS. Mr. President, I have a lot more to say; but I will not say it if those who are assembled here will give me the privilege of having a roll-call vote on this matter. May I ask my fellow Senators if they will order the yeas and nays?

Mr. President, I ask for the yeas and nays. May I get enough hands to get a roll call?

Mr. BINGHAM. Mr. President—

Mr. TYDINGS. A sufficient number, Mr. President.

Mr. BINGHAM. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. I have the floor, Mr. President.

Mr. BINGHAM. I make a point of order.

The PRESIDING OFFICER. Any Senator may take the floor to make a point of order.

Mr. BINGHAM. I make the point of order that the amendment suggested by the Senator from Maryland is out of order, since no amendment not germane or relevant to

the subject matter contained in the bill can be received. By vote of the Senate we have permitted the Senator from California [Mr. JOHNSON] to offer to the subject matter of the bill new legislation; but the amendment suggested by the Senator from Maryland is not relevant or germane to the subject matter covered by that vote.

Mr. TYDINGS. If the Senator will permit an interruption, I am not offering this amendment to the bill. I am offering this amendment to the amendment for which the rules have been suspended; and the Senator's premise is not well taken.

The PRESIDING OFFICER. The Chair would be glad to hear Senators on the point of order.

Mr. BINGHAM. Mr. President, while the statement made by the Senator from Maryland, of course, is correct, actually it is to the bill that the Senator proposes the amendment.

The amendment offered by the Senator from California [Mr. JOHNSON] was out of order until made in order by a two-thirds vote of this body. It then became in order on the bill. I now make the point of order that an amendment not germane or relevant to this matter which has been made in order by a vote of the Senate can not be offered, and therefore that the amendment offered by the Senator from Maryland is out of order.

Mr. TYDINGS. Mr. President, that is an absolutely untenable and ridiculous premise. The rules were suspended for the purpose of offering the amendment offered by the Senator from California [Mr. JOHNSON]. I am permitted under the rules to amend that amendment in any way I see fit. The question of germaneness does not enter into amendments to the amendment. When the rules were suspended they were suspended for that amendment in such form as it should finally be adopted by the Senate; and I submit, without further argument, that the point of order is not well taken.

Mr. BINGHAM. Mr. President, if the Senator's position is correct, then when once the rules are suspended to permit an amendment for new legislation on an appropriation bill, the entire civil and criminal code could be added as an amendment to it. Any legislation could be proposed. Obviously, that is a ridiculous position to take.

When the Senate moved to suspend the rules and permit the amendment of the Senator from California [Mr. JOHNSON] to be offered, it knew exactly what the amendment was that would be offered, because that is required under the rule. It is required that that be stated. It is not a general permission to introduce any subject in connection with the amendment offered.

Mr. TYDINGS. Mr. President, I submit that when Senators voted to suspend the rules they had no more knowledge of what the final shape of this amendment would be than I have of the constitution of Siam. When they moved to suspend the rules, they took the responsibility of permitting any Senator on this floor to offer any amendment he saw fit to that proposition. Inasmuch as my proposition deals indirectly with the same subject matter—namely, exportable surpluses—which the Senator in the opposite view sought to cover by a provision permitting only the sale of American goods, which was in the general philosophy of tariffs or embargoes, my proposition is not only germane, but, even if it were not germane, it would still be in order.

The PRESIDING OFFICER (Mr. Fess in the chair). The Chair is ready to rule.

The contention is made by the Senator from Maryland that when the matter that is submitted, which ordinarily would be out of order, is made in order through suspension of the rules, that amendment is subject to amendment. The amendment to it, however, must be germane and relevant to the subject matter.

Mr. TYDINGS. If the Chair will permit me to interrupt him—and I do not want to interrupt him—may I say that the whole philosophy of the amendment offered by the Senator from California was one dealing with tariff matters. It was to prevent only the purchase of goods which in part, or in some cases altogether, originated in America. I am dealing with the same subject in reverse English, to say it

in a couple of words. I am asking, therefore, in view of the policy which we have adopted, that we make our policy consistent; namely, if we are not to purchase from abroad, that we do not appropriate money to sell abroad.

I submit to the Chair that the subject matter comes under the same general heading and is germane.

The PRESIDING OFFICER. The Chair is of the opinion that the amendment offered by the Senator from California has no significance in the matter of production in the way of surplus. The Senator's amendment is dealing with surplus, and the Chair is of the opinion that it is not relevant. The Chair, therefore, sustains the point of order.

Mr. TYDINGS. Then, Mr. President, in view of the Chair's ruling I move the suspension of the rules, and ask for the yeas and nays, if my colleagues will give me that vote.

Mr. BINGHAM. Mr. President, a point of order. That motion may not be made, except by giving notice one day in advance.

Mr. TYDINGS. If the Senator wants to fall back on the rule book and wants to prevent himself from voting on this matter, of course, I shall have to abide by it.

Mr. BINGHAM. The Senator from Connecticut only desires to shut off debate and get some action on the bill.

Mr. TYDINGS. That is all I want. I renew my motion.

The PRESIDING OFFICER. Let the Chair make a statement to the Senator from Maryland. While the Chair proceeded to sustain the point of order on the question of relevancy, the question of relevancy must always be submitted to the Senate. Therefore the Chair will submit to the Senate the question that the Senator has submitted.

Mr. TYDINGS. May I have the yeas and nays on that, Mr. President?

The PRESIDING OFFICER. Is there a second to the request for the yeas and nays?

Mr. WALSH of Massachusetts. Let us have a quorum call.

Mr. TYDINGS. I suggest the absence of a quorum.

Mr. BINGHAM. I make the point of order that since the last quorum call no business has been transacted.

The PRESIDING OFFICER. A point of order has been raised and a decision has been given on it, and that is business.

The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kean	Schuyler
Austin	Dale	Keyes	Sheppard
Bankhead	Davis	McGill	Shipstead
Barbour	Dickinson	McKellar	Smith
Barkley	Dill	McNary	Steiwer
Bingham	Fess	Metcalf	Thomas, Idaho
Black	Fletcher	Moses	Thomas, Okla.
Blaine	Frazier	Norbeck	Townsend
Bratton	George	Nye	Trammell
Bulkeley	Gore	Oddle	Tydings
Bulow	Grammer	Pittman	Vandenberg
Byrnes	Hale	Reed	Wagner
Capper	Hastings	Reynolds	Walsh, Mass.
Clark	Hatfield	Robinson, Ark.	Watson
Connally	Hayden	Russell	White
Copeland	Johnson	Schall	

The PRESIDING OFFICER. Sixty-three Senators having answered to their names, there is a quorum present.

The question is on the amendment of the Senator from Maryland to the amendment of the Senator from California.

Mr. TYDINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Maryland offers the following amendment: To add a new section in the proper place, reading as follows:

That hereafter any appropriation of money for crop production of any crops whereof there is already an exportable surplus in the United States is hereby rescinded and any such appropriation shall revert to the Treasury.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. BINGHAM] has made a point of order on this amendment on the ground that it was not relevant. That question must be submitted to the Senate without debate. The

question now is as to whether the amendment is relevant or not.

Mr. TYDINGS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL]. In his absence I withhold my vote, but if free to vote I should vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], which I transfer to the junior Senator from Maryland [Mr. GOLDSBOROUGH], and vote "nay."

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the senior Senator from Michigan [Mr. COUZENS] and vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a pair with the junior Senator from Montana [Mr. WHEELER], who is absent. I do not know how that Senator would vote, and therefore I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WALSH of Massachusetts (when his name was called). On this motion I am paired with the Senator from Wisconsin [Mr. LA FOLLETTE]. Not knowing how he would vote if present, I withhold my vote.

The roll call was concluded.

Mr. WAGNER (after having voted in the negative). I have a pair with the junior Senator from Missouri [Mr. PATTERSON], but I am informed that if present he would vote as I have voted, and therefore I permit my vote to stand.

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I transfer that pair to my colleague the junior Senator from Connecticut [Mr. WALCOTT] and allow my vote to stand.

Mr. SHIPSTEAD. On this vote I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. I am informed that if present and voting the Senator from Arkansas would vote as I shall vote, so I am at liberty to vote, and I vote "nay."

Mr. CONNALLY (after having voted in the negative). A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. The question is as to the relevancy of the amendment?

The PRESIDENT pro tempore. The question is as to the germaneness of the amendment proposed by the Senator from Maryland [Mr. TYDINGS].

Mr. CONNALLY. A vote in the negative would mean that the Senator so voting was of opinion it is not germane?

The PRESIDENT pro tempore. That is correct.

Mr. CONNALLY. I allow my vote to stand.

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is unavoidably absent. I am instructed to say that if present he would vote "nay."

Mr. GORE. The senior Senator from Iowa [Mr. BROOKHART] is absent on account of illness. He requested me to pair with him on the main question involved in this amendment. I do not feel at liberty to vote on the present question. If I were at liberty to vote, I would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Massachusetts [Mr. WALSH];

The Senator from California [Mr. SHORTRIDGE] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 2, nays 54, as follows:

YEAS—2

Bulkley	Tydings
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NAYS—54

Ashurst	Davis	McGill	Schuyler
Austin	Dickinson	McKellar	Sheppard
Bankhead	Dill	McNary	Shipstead
Barbour	Fess	Metcalf	Smith
Barkley	Fletcher	Moses	Steiwer
Bingham	Frazier	Norbeck	Thomas, Okla.
Black	Grammer	Nye	Townsend
Bulow	Hale	Oddie	Trammell
Capper	Hastings	Pittman	Vandenberg
Clark	Hatfield	Reed	Wagner
Connally	Hayden	Reynolds	Watson
Copeland	Johnson	Robinson, Ark.	White
Costigan	Kean	Russell	
Dale	Keyes	Schall	

NOT VOTING—40

Bailey	Couzens	Hull	Robinson, Ind.
Blaine	Cutting	Kendrick	Shortridge
Borah	George	King	Smoot
Bratton	Glass	La Follette	Stephens
Brookhart	Glenn	Lewis	Swanson
Broussard	Goldsborough	Logan	Thomas, Idaho
Byrnes	Gore	Long	Walcott
Caraway	Harrison	Neely	Walsh, Mass.
Carey	Hebert	Norris	Walsh, Mont.
Coolidge	Howell	Patterson	Wheeler

So the amendment of Mr. TYDINGS to the amendment was declared not to be germane.

Mr. TYDINGS submitted the following notice of a motion to suspend the rules, which was read:

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI, for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, at the proper place in the bill insert the following:

"SEC. —. That hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

Mr. COPELAND. Mr. President, is it in order to offer an amendment to the pending amendment?

The PRESIDENT pro tempore. It is.

Mr. COPELAND. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. It will be stated for the information of the Senate.

The CHIEF CLERK. On page 2, line 15, after the word "States," strike out "or to be used for experimental or scientific purposes."

Mr. JOHNSON. Mr. President, that has already been adopted.

Mr. BINGHAM. Mr. President, in connection with the amendment just offered by the Senator from New York, and which was offered last night by his colleague [Mr. WAGNER], may I have the attention of his colleague?

The PRESIDENT pro tempore. The attention of the junior Senator from New York is requested.

Mr. BINGHAM. I appreciate the intention of the Senator; but may I say to him that I believe that the inclusion of the word "experimental" will be extremely detrimental to the progress of aeronautical science in the United States unless the Secretary of War or Secretary of Commerce or Secretary of the Navy, as the case might be, were to make a certificate of the absolute necessity in the public interest of breaking the effect of the law.

We occasionally purchase one of the best foreign airplanes for Government experimental use. It is flown by our best pilots, who report on it. It is later broken up and reduced to its component parts and a complete study made of the methods by which it has been constructed. Surely the Senator would not interfere with material being brought in for experimental purposes of that nature? If the Senator will permit the word "experimental" to go out and merely confine it to scientific purposes, I think he will reach the object which he has in view, which is to encourage the Government to buy its scientific instruments of American

manufacturers. I hope the Senator will not insist upon the word "experimental," because that would prevent our bringing in for the Government any new foreign articles with which we desire to experiment and see how they were made and possibly to improve upon them or make some like them.

The PRESIDENT pro tempore. Inasmuch as the amendment offered by the Senator from New York was accepted by the Senator from California, it is the privilege of the Senator from California to modify his amendment as he may wish.

Mr. BINGHAM. I understood that as fully and perfectly as does the present occupant of the chair, but I prefer that the Senator from New York would ask the Senator from California to modify the amendment which he offered yesterday, after the explanation which I have made. I do not like to ask the Senator from California to change it, since it originated with the junior Senator from New York.

Mr. WAGNER. Mr. President, my view is that the amendment which was offered by me would not prevent the importation of such a product as the airplane which the Senator mentioned, because there are safeguards in the Johnson amendment as to the question of quality and the question of the amount produced in this country. If the department should determine that the particular product is of superior quality to anything we have here, as they must decide under the suggestions made by the Senator from Connecticut, then the amendment would not interfere with its importation.

Mr. BINGHAM. The department does not know that it is superior. It hopes the American airplanes are superior, but it learns that a new airplane has been constructed and manufactured for a foreign government. It wishes to experiment and see whether the information obtained can be used and improved upon by our manufacturers.

Mr. WAGNER. Then it is something that is not produced in this country.

Mr. BINGHAM. Oh, no. The airplanes are produced in this country. I asked the Comptroller General this morning whether, in view of the fact that on the floor of the Senate the words "for experimental and scientific purposes" were stricken out, he would be able to permit a voucher to be paid for an experimental airplane, and he said he would not be able to do so, in view of the action of the Senate, unless the Secretary who introduces it chose to make a certificate that it was not in the public interest to keep the airplane out.

Mr. WAGNER. Of course, I do not care to interfere with any such enterprise as the Senator mentions. If the amendment is not to be acted upon to-night, may I have an opportunity at least to reflect overnight on the suggestion made by the Senator from Connecticut. Then I am quite willing to confer with the author of the original amendment and discuss the matter with the Senator from Connecticut.

Mr. BINGHAM. Very well.

Mr. COPELAND. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 4, after line 6, after the period, insert the following:

Nothing in this act shall apply to articles, materials, or supplies of stock in the United States on the effective date of this act or in transit from outside of the United States on such date or contracted for prior to such date.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York.

Mr. COPELAND. Before I say something about the amendment, let me say that I was not aware that my colleague had introduced the amendment about scientific apparatus. I attempted a few moments ago to introduce the identical amendment and found it had been adopted last night. If the Senator from Connecticut is correct, there should be some language inserted in the bill so there will be no doubt, as in a case such as the Senator has suggested it would be all right for the head of a department to order the mate-

rial from abroad. That is what the language says. I am amazed that the officers in the departments say we could not buy such equipment as the Senator suggests. My suggestion to the Senator is that such language ought to be modified in some way so that such apparatus could be purchased for experimental purposes.

Mr. BINGHAM. Mr. President, will the Senator permit a question?

Mr. COPELAND. Certainly.

Mr. BINGHAM. What object is there in preventing the introduction of articles to be bought by the Government for experimental purposes? I can see perfectly well the object of the Senator in preventing the Government from purchasing articles needed for use in laboratories or for scientific purposes which could perfectly well and should be bought in this country; but when an article is brought in for experimental purposes I can not see that we have anything to lose, but everything to gain.

Mr. COPELAND. Would the Senator consider that a galvanometer or some instrument to be used in a physiological or other laboratory for experimental purposes would be covered by the term "scientific instrument"?

Mr. BINGHAM. I should certainly suppose so.

Mr. COPELAND. I have no doubt the Senator from Connecticut and my colleague will work out some solution of the matter.

Mr. WAGNER. Mr. President, if my colleague will yield, I want to suggest that the Senator from Connecticut will be convinced—

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. COPELAND. Am I allowed to use my time in this way?

Mr. WAGNER. My colleague may have my time.

The PRESIDENT pro tempore. That may not be done. Senators may not yield their time to other Senators.

Mr. COPELAND. I have only a limited time, and hope my colleague will be brief.

Mr. WAGNER. Let me invite the attention of the Senator from Connecticut to this section. The only time this legislation applies is where the particular article in question is produced in the United States in commercial quantities and of a satisfactory quality.

Mr. BINGHAM. But airplanes are produced in the United States of commercial quantities and of satisfactory quality, and, therefore, no airplanes could be bought for experimental purposes under the terms of the bill, because the comptroller would say there are plenty of airplanes produced in the United States.

Mr. WAGNER. The Senator may be correct about it.

Mr. BINGHAM. The comptroller said the question having been brought up on the floor of the Senate and the Senate having stricken out those words, he would be obliged to interpret the matter more strictly than if no attention had been called to it and it had not been originally in the bill.

Mr. COPELAND. Now, Mr. President, I invite attention to the amendment which I have offered, which has to do with a case like this. A casement-window company in my State has on hand certain stocks of rolled steel which they use in the making of window frames. About 18 per cent of the total stock that this company has on hand was made in England. The concern in question does not dispute the wisdom of the measure and is in harmony with it, but would not wish to be precluded from the use of such articles as are actually now on hand.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. JOHNSON. The difficulty with the Senator's amendment is solely that it will confuse, I fear. I would rather not adopt it. I can not in justice to those who have been working with me accept it, and he will have to put it to the Senate for determination.

Mr. COPELAND. I am very sorry. We are now imposing upon the manufacturers of this country a very rigid law which does not permit them to sell to the Government any-

thing which is made abroad, or a substantial part of which is made abroad. There are thousands of concerns in America who have in stock now some material which came from abroad. It certainly would be unfair and unjust to them to make it impossible for them to use up such material as they have on hand.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. WALSH of Massachusetts. I presented a similar amendment to the Senator from California a week or 10 days ago, and I was unsuccessful in persuading him to accept it. I fear the Senator from New York will meet the same fate.

Mr. CONNALLY. Mr. President, I desire to inquire of the Senator from Nevada does he intend to go on to-night with the consideration of this bill?

Mr. ODDIE. Yes, Mr. President; I want to go on to-night. I gave notice of my intention last night and again, about two hours ago, I gave the same notice.

Mr. CONNALLY. For about how long does the Senator desire to continue the consideration of the bill?

Mr. WALSH of Massachusetts. Will not the Senator agree that the Senate shall take a recess after this amendment shall have been acted upon?

Mr. ODDIE. I should not like to do that, because there are many other important items in the bill that have not as yet been discussed.

Mr. WALSH of Massachusetts. May I inquire how long the Senator expects the Senate to continue in session?

Mr. ODDIE. Until about 10 o'clock, because there is so much important work yet to be done on this bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York [Mr. COPELAND] to the amendment.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question recurs upon the amendment proposed by the Senator from California, as modified.

Mr. BLAINE. Before the vote is taken I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	McKellar	Shipstead
Bankhead	Dill	McNary	Smith
Barbour	Fess	Metcalf	Steiwer
Bingham	Fletcher	Moses	Thomas, Idaho
Black	Frazier	Norbeck	Thomas, Okla.
Blaine	George	Nye	Townsend
Bratton	Gore	Oddie	Trammell
Bulkley	Grammer	Pittman	Tydings
Bulow	Hale	Reed	Vandenberg
Byrnes	Hayden	Reynolds	Wagner
Capper	Hebert	Robinson, Ark.	Walsh, Mass.
Clark	Johnson	Robinson, Ind.	Watson
Connally	Kean	Russell	White
Copeland	Keyes	Schall	
Costigan	King	Schuyler	
Davis	McGill	Sheppard	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, a quorum is present.

Mr. SHIPSTEAD. Mr. President, it is not my intention to delay the Senate in taking a vote on the pending amendment. I wish merely to take a few moments to explain why I shall vote against it.

Since I have been a Member of the Senate I have from time to time supported what I thought was a reasonable policy of protective tariff, but not prohibitive tariffs. There is something more involved now than the question of a general policy of protective tariff. The eminent Senator from California cited some of the legislation of the British Empire the other day, and the Senator from Massachusetts has given us some information concerning the difficulty experienced by American exporters into Canada. That information, in my opinion, only shows that other countries are getting to be as crazy as we ourselves are. It is only a phase of the world-wide battle of tariffs, embargoes, and currencies that has been going on since we passed the tariff

act of 1930; and this war of tariffs and currencies is as destructive of values and of social conditions as is armed warfare.

Because I want to protest against the policy that has been pursued here as well as in other countries of continued warfare on the field of economics, a warfare that is driving the commodity price level into a tail spin, gradually descending, choking off all commerce, making debts impossible of payment and spreading progressively more and more chaos throughout the world, I shall vote against this amendment. I shall enter my protest in that way against the continuation of the economic war that is now going on, ruining practically every country in the world.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the amendment of the Senator from California [Mr. JOHNSON], as modified.

Mr. WALSH of Massachusetts. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL], who is absent on official business of the Senate. Not knowing how he would vote, I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if present he would vote on this question as I intend to vote. Therefore, I feel at liberty to vote, and vote "yea."

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote. If permitted to vote, I should vote "yea."

Mr. McNARY (when Mr. LA FOLLETTE's name was called). The senior Senator from Wisconsin is unavoidably absent. If he were present he would vote "nay."

Mr. McKELLAR (when his name was called). On this question I am paired with the senior Senator from Michigan [Mr. COUZENS]. If he were present he would vote "yea," and if I were at liberty to vote I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I find that I can transfer my general pair with the junior Senator from Mississippi [Mr. STEPHENS] to the junior Senator from California [Mr. SHORTRIDGE]. I do so, and vote "yea."

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. I am informed that if she were present and voting, she would vote "yea." If I were at liberty to vote, I should vote "nay."

The PRESIDING OFFICER (when Mr. SWANSON's name was called). The present occupant of the chair has been requested to announce that the senior Senator from Illinois [Mr. GLENN] has a general pair with the senior Senator from Virginia [Mr. SWANSON]. If the Senator from Illinois were present, he would vote "yea"; and if the Senator from Virginia were present, he would vote "nay."

Mr. THOMAS of Idaho (when his name was called). Again announcing my pair with the junior Senator from Montana [Mr. WHEELER], I withhold my vote. If at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I transfer that pair to my colleague, the junior Senator from Connecticut [Mr. WALKOTT] who, if present, would vote as I intend to vote. I vote "yea."

Mr. McNARY. I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from Maryland [Mr. GOLDSBOROUGH], and will vote. I vote "yea."

Mr. DICKINSON. I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I transfer that pair to the Senator from Delaware [Mr. HASTINGS], and will vote. I vote "yea."

Mr. WALSH of Massachusetts. On this question I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is necessarily absent. I transfer that pair to my colleague the junior Senator from Massachusetts [Mr. COOLIDGE]. If my colleague were present, he would vote "yea"; and if the Senator from Wisconsin were present, he would vote "nay." I vote "yea."

The PRESIDING OFFICER. The present occupant of the chair desires to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from New Mexico [Mr. CUTTING] with the Senator from West Virginia [Mr. NEELY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Oklahoma [Mr. GORE]; and

The Senator from Vermont [Mr. AUSTIN] with the Senator from Tennessee [Mr. HULL].

Mr. SHEPPARD. I desire to announce that the Senator from Virginia [Mr. SWANSON], if present, would vote "nay" on this question.

The result was announced—yeas 41, nays 12, as follows:

YEAS—41

Ashurst	Fess	Moses	Sheppard
Barbour	Fletcher	Norbeck	Steinwer
Bingham	Grammer	Nye	Townsend
Bulkeley	Hale	Oddie	Trammell
Byrnes	Hatfield	Pittman	Vandenberg
Capper	Hayden	Reed	Walsh, Mass.
Copeland	Johnson	Reynolds	Watson
Dale	Kean	Robinson, Ind.	White
Davis	Keyes	Russell	
Dickinson	McNary	Schall	
Dill	Metcalf	Schuyler	

NAYS—12

Black	Clark	George	Robinson, Ark.
Blaine	Connally	King	Smith
Bulow	Costigan	McGill	Thomas, Okla.

NOT VOTING—43

Austin	Couzens	Hull	Shortridge
Bailey	Cutting	Kendrick	Smoot
Bankhead	Frazier	La Follette	Stephens
Barkley	Glass	Lewis	Swanson
Borah	Glenn	Logan	Thomas, Idaho
Bratton	Goldsborough	Long	Tydings
Brookhart	Gore	McKellar	Wagner
Broussard	Harrison	Neely	Walcott
Caraway	Hastings	Norris	Walsh, Mont.
Carey	Hebert	Patterson	Wheeler
Coolidge	Howell	Shipstead	

So Mr. JOHNSON's amendment as modified was agreed to, as follows:

On page 87, after line 15, insert the following:

TITLE III

That when used in this title—

(a) The term "United States," when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use," "public building," and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

Sec. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

Sec. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States, growing out of an appropriation heretofore made or hereafter to be made, shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers, shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have

been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States except as provided in section 2: *Provided, however*, That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his findings, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, subcontractors, material men, or suppliers with which such contractor is associated or affiliated, within a period of three years after such finding is made public.

SEC. 4. This title shall take effect on the date of its enactment, but shall not apply to any contract entered into prior to such effective date.

NORTH CAROLINA SENATORIAL ELECTION

Mr. MOSES. Mr. President, I wish to present a privileged matter in the form of a report from the subcommittee of the Committee on Privileges and Elections, which I ask to have read, and then I shall move to have the report adopted.

The PRESIDING OFFICER. The report will be read.

The legislative clerk read the report (No. 1151), as follows:

The subcommittee of the Committee on Privileges and Elections, to whom was referred the contest filed by George M. Pritchard against the sitting senior Senator from North Carolina, find:

(1) That the original notice of contest was of general character, indefinite in its allegations, and insufficient in itself to justify the contest.

(2) Accordingly, and in response to a notice from the committee to file more specific allegations, the contestant filed a bill of particulars which was specific in the sense that it mentioned general allegations regarding irregularities in the election in certain counties in North Carolina. The subcommittee concluded that these allegations were not less general than the allegations in the original notice; that the limiting of general allegations to certain specified counties was not in itself sufficient to provide particulars upon which to found a contest or to rebut the presumption of the validity of the returns and the record thereof as filed with the committee.

The subcommittee holds the opinion that title to office as shown by the election returns must be respected in the interest of the stability of government and ought not to be reviewed except upon specific showing calculated seriously to raise a doubt as to the title of the holder of the office. The subcommittee also was not unmindful of the time and expense which would be necessary to carry on a contest such as was evidently contemplated.

(3) Final notice was duly served upon the contestant to show cause on January 25, 1933, why this contest should not be dismissed. Accepting as true the contestant's allegations, the committee find that they are not sufficiently specific to sustain the object sought and that they do not tend to show that the contestant was elected or that the contestee was not elected—inasmuch as the contestee's official majority was in excess of 113,000 votes.

For this reason the subcommittee being authorized thereto recommends to the Senate that the petition of the contestant be dismissed.

GEO. H. MOSES.
JAS. E. WATSON.
ROBERT J. BULKLEY.

Mr. MOSES. Mr. President, I move the adoption of the report of the subcommittee.

The PRESIDING OFFICER. The Chair will ask the Senator from New Hampshire what is the resolution? Is it Order of Business 605?

Mr. MOSES. Yes; but that will have to be dealt with otherwise. The subcommittee was authorized by the full committee to report its findings and recommendations directly to the Senate. The findings are contained in the body of the report and the recommendations in the last sentence, recommending that the petition be dismissed.

I move the adoption of the report.

The PRESIDING OFFICER. The question is on the motion of the Senator from New Hampshire.

The report was agreed to.

Mr. MOSES submitted the following resolution (S. Res. 346), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the sum of \$500 be paid to the treasurer of the State of North Carolina; that the sum of \$3,000 be paid to the Hon. Josiah W. Bailey, the sitting senior Senator from North Carolina; and that \$8,000 be paid to the Hon. George M. Pritchard, of Asheville, N. C.; all of said sums to be paid from the contingent fund of the Senate and in full settlement of expenses incurred in the contested case affecting the seat of the senior Senator from North Carolina.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COPELAND presented a memorial of sundry citizens of Albion and Knowlesville, N. Y., remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by Pilgrim's Pride Council, No. 54, Daughters of America, of Brooklyn, N. Y., remonstrating against continuance of the so-called economy act, especially the furlough plan, which were referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial from the board of directors of the Glens Falls (N. Y.) Hospital, remonstrating against the further extension of Veterans' Administration hospitals or the making of appropriations for new construction until the facilities of local hospitals for caring for veterans are exhausted, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Red Creek Dairymen's League Cooperative Association (Inc.), in the State of New York, favoring inflation of the gold currency, which was referred to the Committee on Banking and Currency.

He also presented a resolution of the Westchester County (N. Y.) District Council, United Brotherhood of Carpenters and Joiners of America, Tarrytown, N. Y., favoring the passage of legislation providing for the 6-hour day and 30-hour week, etc., which was referred to the Committee on the Judiciary.

ADDITIONAL REPORT OF A COMMITTEE

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1730) to amend and correct the military record of Robert J. Smith, reported it with an amendment to the title and submitted a report (No. 1150) thereon.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. McKELLAR. Mr. President, on page 57, in line 3, I move to strike out the numerals "\$35,500,000" and to insert "\$17,750,000."

This brings up the question of reducing the amount of subsidies paid to ocean shipping companies by 50 per cent of what they are now getting.

Heretofore I have made the argument—and I think it is absolutely sound legally—that 39 of these various shipping contracts out of the 44 are void; but in making this motion to reduce the amount, the question of the validity of the contracts need not be considered.

I want to call the attention of the Senate to the provisions of the contracts themselves.

The PRESIDING OFFICER. Will the Senator state on what page this amendment is proposed?

Mr. McKELLAR. On page 57, line 3. I move to strike out "\$35,500,000" and insert "\$17,750,000."

I desire to read the following provision of the contract:

That if mutually agreed to by the Postmaster General and the contractor, the Post Office Department may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips, with allowance of not exceeding the contract rate for the increased outbound mileage involved and with a deduction at the contract rate for any decreased outbound mileage involved.

That is in contract No. 4. I have just read from page 152 of Ocean Mail Contracts. The same language is to be found in contract No. 5, as appears on page 157 of Ocean Mail Contracts. The same language is found on pages 163, 167, 169, 175, 179, 184, 186, 191, 196, 200, 205, 211, and so on through, in all of the contracts.

Mr. FLETCHER. Mr. President, what is the Senator reading from?

Mr. McKELLAR. I am reading from Ocean Mail Contracts, Senate Document No. 69, Seventy-second Congress, first session.

So, Mr. President, under these contracts the Congress, by reducing the amount, instructs the Postmaster General to enter into negotiations to reduce the amount of mileage or the number of trips, or otherwise bring the compensation within the appropriation.

Now, Mr. President, I want to refer just briefly to the reasons why these reductions should be made.

From the Truth About Postal Contracts, which is Senate Document 210, we find that some of these steamship companies are doubly subsidized. We find that others of them carry, substantially speaking, neither freight nor mail. We find the greatest extravagance in the matter of managing these shipments of mail.

For instance, I want to call attention to pages 36 and 37.

The American Scantic Line: Compensation for 20 voyages. The normal rate for carrying the mail would be \$2,600. The amount in fact paid is \$260,000.

American South African Line: Compensation for 8 voyages, at normal rates, \$375. Amount in fact paid, \$165,000.

American West African Line: Compensation for 12 voyages, at normal rates, \$735. The amount actually paid is \$195,000. Page 160.

Dollar Steamship Line: Compensation for 15 voyages, at normal rate, \$13,500. The amount in fact paid is \$728,000.

Dollar Steamship Line: Compensation for 15 voyages, at normal rate, \$5,950. The amount in fact paid is \$650,000.

Eastern Steamship Line: Compensation for 78 voyages, at normal rate, \$1,400. The amount in fact paid is \$147,000.

Export Steamship Corporation: Compensation for 66 voyages, at normal rate, \$1,770. The amount in fact paid is \$820,000.

Grace Steamship Co.: Compensation for 20 voyages, at normal rate, \$30,000. The amount in fact paid is \$390,000.

Lykes Bros. Steamship Co.: Compensation for 34 voyages, at normal rate, \$165. The amount actually paid is \$157,000.

Munson Line: Compensation at normal rate, \$33,200. The amount actually paid is \$920,000.

New York & Cuba Mail Steamship Co.: Compensation for 33 voyages, at normal rate, \$35. The amount actually paid is \$224,000.

New York & Cuba Mail Steamship Co.: Compensation for 30 voyages, at normal rate, \$1,360. The amount actually paid is \$242,000.

Oceanic & Oriental Navigation Co.: Compensation for 8 voyages, at normal rate, \$535. The amount actually paid is \$113,000.

Oceanic & Oriental Navigation Co.: Compensation for 7 voyages, at normal rate, \$145. The amount actually paid is \$123,000.

Pacific-Argentine-Brazil Line: Compensation for 6 voyages, at normal rate, \$3. The amount actually paid is \$102,000.

States Steamship Co.: Compensation for 14 voyages, at normal rate, \$145. The amount actually paid is \$230,000.

States Steamship Co.: Compensation for 8 voyages, at normal rate, \$133. The amount actually paid is \$122,000.

Mr. President, at times like these, when we are borrowing money to carry on the ordinary expenses of government, with our Treasury \$5,200,000,000 in the hole in the last three years in running expenses, we are paying these enormous subsidies to steamship companies, subsidies which are without parallel in the history of government anywhere in the world.

Talk about Great Britain subsidizing her ships. No such subsidies as these are paid by her, or any other nation. The

United States is the only nation where these enormous subsidies are paid.

If I have had the proof aright, as I stated here in the Senate before, one of these lines running to South America from San Francisco carried 3 first-class letters, 6 cents postage, and 45 pounds of parcels post, and they got \$102,000,000 for that service, or so-called service. No other government on the earth except the American Government would ever permit money to be spent in such a way.

Mr. President, it does seem to me that this amendment ought to be adopted. I can not imagine what argument can be used to defend this wicked and extravagant waste of the American people's money. When we are having to feed the hungry people in all parts of the country, we are granting these enormous subsidies to these steamship companies.

I go a little further. I want to call attention to the fact that 39 out of 44 contracts were let without competition. The shipping law of 1928 required competition, required open bidding, required advertisements for bidding. There was no open bidding. The contracts were let without bidding. The contracts were let in 39 instances so that only one company could bid on the contract. The whole spirit of the law has been violated. Yet these enormous subsidies year by year for 20 years have been paid, and that practice ought not to continue.

Let me call attention to the American-West African Line. It had a contract dated August 30, 1928, for 10 years.

Vessels of class 1, 10 years, 4,500 gross tons.

Schedule must be satisfactory to the Postmaster General and not less than 20 trips per annum.

Compensation for outward trip only. Nautical miles, route A, 6,994; route B, 6,369; route C, 6,224; at \$2.50 per mile annual compensation, or a total of \$325,287 per annum. Multiply that by 10 and it will be found it amounts to \$3,352,870.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. GEORGE. I wanted to ask the Senator from Tennessee if the contracts are uniform contracts?

Mr. McKELLAR. Almost entirely.

Mr. GEORGE. Do they run for a period of years?

Mr. McKELLAR. They run for a period of years, most of them 10 years, but there is a provision—and I believe the Senator did not hear when I first began—in each one of the contracts which would allow the Postmaster General, if instructed by the Congress, to bring about a settlement as to the number of trips made and the mileage that is run. In other words, they can be mutually readjusted. I read to the Senator from a provision that is in all the contracts:

If mutually agreed to by the Postmaster General and the contractor, the Post Office Department may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips, with allowance of not exceeding the contract rate for the increased outbound mileage involved and with a deduction at the contract rate for any decreased outbound mileage involved.

Mr. GEORGE. That clause is uniform?

Mr. McKELLAR. Uniform through all the contracts.

Mr. GEORGE. In all the contracts?

Mr. McKELLAR. Yes. Of course, the reduction of the appropriation would be a direction to the Postmaster General to use that clause.

Mr. President, under these circumstances, it is just a question of what the Senate wants to do. Do they want to continue these extravagant expenditures, these extravagant subsidies, or do they want to give to these subsidized people still an enormous subsidy? We are curtailing every other officer of the Government. Everyone else who uses Government money has been curtailed. Only those who have the power and the influence to get these vast subsidies are not having their compensation decreased.

If this amendment is voted down, we will give this year \$35,500,000 as subsidies or as gifts. I digress long enough here, if I may, to read what our Democratic platform has

to say about that subject. Our Democratic platform referred to this very transaction and stated:

We condemn the open and covert resistance of administration officials to every effort made by congressional committees to curtail the extravagant expenditures of the Government and to revoke improvident subsidies granted to favorite interests.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. McKELLAR. I ask that the amendment be agreed to.

Mr. FLETCHER. Mr. President, I wish very earnestly and very sincerely to protest against and to oppose this amendment. The amendment reaches to the extent of practically setting aside existing contracts and interfering seriously and conflicting fatally with a policy established by the Government with respect to building up and maintenance of an adequate American merchant marine.

This policy was adopted, particularly with reference to ocean mail contracts, under the act of 1928. Under the shipping act of 1916 we began to construct merchant ships in the United States. We found that it was absolutely necessary, if we were to be at all independent of competitors in foreign markets for the carrying of our products, and bringing to us commodities we needed, to have ships of our own. We proceeded to build ships.

When the shipping act of 1916 was passed, we had only 112 ships of a gross tonnage of 598,220 in foreign trade. We built 2,316 ships, with a gross tonnage of 9,327,635 tons. We operated those ships for quite a while, and created a Fleet Corporation as the operating agency. Then came a declaration by Congress in 1920 that it would be the purpose to get those ships into private hands ultimately, and the policy of pursuing that course was adopted, and the Shipping Board and other authorities of the Government undertook to hurry the ships into private hands. I think perhaps that went too far.

We found that there was a difference between operating ships under the American flag and a difference in cost of constructing ships in our yards as compared with foreign yards—to our disadvantage.

In order to equalize that difference there has to be some assistance rendered to American industry and to American ships. In 1928 we passed what is commonly known as the Jones-White Act. One of the authors of that measure is now a distinguished member of this body. By it we intended to offset this difference in the cost of operating ships under our flag and under foreign flags, and the cost of construction in our yards as against the cost in foreign yards so as to give the American merchant marine a chance to compete on the high seas for the trade of the world and particularly our own trade.

We adopted the policy of providing this subvention, or subsidy, if you like, for American ships by paying American ships engaged in foreign trade for carrying our mails, based upon the mileage rather than the weight of the mail. That was distinctly understood at the time. They are not moving these mails oversea on a dead-weight basis or a poundage basis at all, but upon a mileage basis. The idea was that there would be benefits to American ships if that was established as our policy. It was so established in 1928. The contracts to which the Senator has referred are based upon that law and authorized by that law. That policy has been pursued under the law. We can not, because some contracts were let four or five years ago at what appears to be an outrageous rate and expense to the Government, ignore them now and throw them to one side. We can not get back any of the money that has been wasted, if it has been wasted, by denying this appropriation.

The effect now would be, after having let 44 contracts for carrying the mails over the sea under the law, that we can not let any more contracts and that we can not pay in accordance with our contracts. That is not a good thing to do. It will cripple the merchant marine. It stops the transfer of these ships. We have found that in order to get the ships out of the hands of the Government and into private hands we had to accompany the sale of the ships to the operators under the Shipping Board with a contract for the

carriage of mail. We had to give them that benefit. We knew it was helpful to them. We understood it was not based upon the weight of the mail. It was based upon the mileage for the purpose of benefiting the purchasers of the ships to an extent where they might be on an equal footing with foreign ships. These contracts have been let and ships have been passing out of the hands of the Government, so that when the contracts that are pending are closed—three or four more—then there will be no ships left, there will be no need of any other contracts, there will be no occasion for continuing this plan, because the ships will all be gone.

After delivery of the vessels to several shipping companies now bidding under pending proposals there will remain in operation 32 vessels. They will be all that will remain in the hands of the Government to be operated by the Government, and the board does not intend and I should not want nor should anybody want them to part with all of the merchant ships of the Government.

There are presently inactive and in lay-up 130 vessels. The time required to place those in service is about two or three weeks. They will be ready in an emergency at any time to use in our commerce or in national defense or for any other purpose. They can be put in condition in two or three weeks. That is all that will be left when the contracts now pending have been concluded. We have been able to dispose of ships and get the Government out of operating the ships by reason of these contracts.

I have a statement from the department to this effect:

It is estimated that the postage revenues from the mails carried on these routes for the fiscal year 1932 were, in round figures, \$5,182,000, while the total expenditure for the routes for the fiscal year 1932 was \$22,431,791.

This \$35,000,000 includes \$7,000,000 for foreign air mail, and it includes the cost of carrying the mails under the old original contracts. Some of them are carried by foreign vessels on the weight basis. But the real amount for the purpose of performing these ocean mail contracts last year was \$22,431,791.

If the appropriation is to be cut arbitrarily and without regard to the legal obligations of the Government, what is to become of the obligations assumed by the contractors to construct and reconstruct vessels, much of which has already been done? The total amount of these obligations imposed upon the contractors is considerably over \$300,000,000 during the 10-year periods of the contracts. That is to say, these contracts not only include compensation for carrying the mail, but the contractors are bound to replace vessels, keep them in repair, keep them up, and to build certain vessels. There have been some millions of dollars' worth of ships constructed already by these contractors under their contracts as a part of the mail contracts.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. FLETCHER. I yield.

Mr. McKELLAR. Three-quarters of the money that is used for constructing ships comes from the Government under the revolving fund, and that at a rate of interest beginning at one-fourth of 1 per cent and running up to 2 per cent.

Mr. FLETCHER. I have not the time to go into the question of interest, but we created a shipbuilding fund at the same time we provided for these contracts authorizing the Government to make loans for the purpose of constructing ships. Those loans have been made. The proceeds of the contracts are larger and the mortgages on the vessels which have been constructed are held by the Government to secure the loans. We have a mortgage on the ships and an assignment of the contract for the purpose of protecting the Government in the making of the loans.

We secured the establishment of routes and service that built up our trade all over the world. We got in addition to that, contracts to replace the ships and contracts to build new ships. Out of all of them we are getting benefits far in excess of the cost of the contracts. For instance, if the contract is good, and I think it is good and authorized by

law, and a sale is made under the two pending contracts, then there will be 66 ships which will pass out of Government ownership into private ownership and there will result from that a benefit to the Government which now loses over a million dollars more than the cost of the contract in the operation of these lines. By letting the contracts the Government would benefit over \$1,500,000 a year. The executive assistant to the Postmaster General said:

It should be borne in mind, of course, that expenditure on these routes was not for the carriage of mail, which was merely a secondary or in many cases an incidental feature of the service. The purpose of the payments was to offset the higher costs of building and operating ships under the American flag than under foreign flags, and for the maintenance of regular and frequent service on essential trade routes in accordance with the declared purpose of Congress to develop an American merchant marine.

When we consider that some \$300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign carriers, is now paid to our own nationals and spent in this country rather than in other countries as before, and that in addition the operators of these lines have invested nearly \$300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve which will be of incalculable value to us in a national emergency, do not seem excessive.

Mr. President, the Congress at the last session authorized and directed the Committee on Post Offices and Post Roads of the Senate—and the House did the same thing as to its committee—to investigate these ocean mail contracts. Why not wait until they report? They have made no report yet. Why stand here and arbitrarily declare null and void these contracts, when we have a committee investigating them and when the House has a committee investigating them?

Mr. President, I ask permission to insert in the Record at the close of my remarks a memorandum from the Shipping Board and other memoranda which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FLETCHER. At the risk of some repetition, let me say regarding the importance of maintaining as well as establishing an American merchant marine:

The language adopted by Congress as a declaration of policy and purpose was to establish and maintain an adequate American merchant marine.

The necessity for this object had been fully recognized.

The fact is, we have always been a trading people.

Commerce, which uses a 2-way passage, has been one of our prime interests.

The convention held at Annapolis in 1786, just preceding the Constitutional Convention at Philadelphia in 1787, over which George Washington presided, stressed the necessity of proper recognition of interstate commerce and its related problem of foreign commerce.

When the Constitution was under consideration, the provision was adopted, which has played a most important part in the development and progress of the country, known as the commerce clause.

In the early days American sailors carried our flag around the world and did a thriving business in wooden sailing vessels of less than 500 tons.

Interest in shipping grew, and by 1860 American ships were carrying nearly 80 per cent of our foreign business.

After that we lost ground; and when the steel ship came in, our wooden sails gradually disappeared. Our people directed their attention to the land and away from the seas to a great extent. Foreign ships took our overseas trade until, in 1914, we were furnishing only a limited service on a few trade routes, carrying about 10 per cent of our overseas commerce.

Since then we have placed on the seas the second largest merchant marine in the world.

We have established it; now we must maintain it.

To make it strong, we must give it strong support.

It must be American owned and American controlled.

We require it for commerce in order not to be dependent upon our competitors in foreign markets to move our goods.

We require it in order to meet any possible demand for auxiliaries to our Navy.

I need not recite conditions created by the World War. Our producers and shippers will recall them—for instance, when freight on cotton from Galveston to Liverpool went from \$2.50 to \$50 per bale, and freight on wheat went from 3 cents to 50 cents a bushel from New York to Liverpool.

Other factors I need not mention moved us to active, energetic action, with the result that in pursuance of the act of September, 1916, the Shipping Board became the owner of 71 shipyards and other industrial plants and equipment and facilities, enabling it to construct 2,316 new vessels of all types—gross tonnage, 9,327,685.

At one time or another the board has owned 2,546 vessels of 14,703,717 dead-weight tons.

Under the act of 1920 the policy pursued by those in authority was to hurry the ships into private ownership. The insistence was to get the Government out of business and place the responsibility for developing a permanent American merchant marine under private enterprise.

Although that idea has been always present, it was not to be carried out, as I contended, until private capital was ready to invest and our people took a proper interest in shipping, and then on a reasonable business basis. The administration seemed to me to proceed with undue haste and without proper protection of the public interest to dispose of the ships. A total of 362 vessels was sold prior to 1920. After that 1,645 vessels and 5 dry docks were sold.

At one time the Shipping Board had in operation 379 general cargo services to foreign ports—283 from Atlantic ports, 69 from the Gulf, and 27 from the Pacific.

The number of operating units was reduced to 75, then to 38.

Private enterprise kept insisting that the difference in cost of building and operating ships between foreign and American owners gave the foreigner very considerable advantage over the American. Capital refused to take hold until some plan was devised whereby this differential could be absorbed or corrected, so the American owner could compete on more equal footing.

A ship subsidy bill was proposed during the Harding administration.

To my mind, that bill would have paved the way to get all our vessels into the hands of a few shipping concerns whom we would pay enormous sums out of the Treasury to operate.

I strongly opposed the bill, although it was favorably reported to the Senate. It was defeated, but it was realized some such differential existed and private enterprise was holding off and it was advisable to devise some help to American shipping.

It is true that for two years following 1913, under Admiral W. S. Benson, the Government operated the ships at a considerable profit.

After that commerce decreased, foreign tonnage came back, and those supporting the subsidy bill claimed it was costing the Government \$50,000,000 a year to operate the ships then in operation. This was probably an exaggeration, but there was some considerable deficit each year.

To meet the situation as far as possible, the act of 1928 was passed, which provided aids by liberal loans for building and by ocean mail contract benefits.

The legislation has resulted in the construction of 42 new vessels of the most modern type, aggregating 463,000 tons gross; 39 vessels of 263,000 gross tons have been reconditioned or rebuilt.

There has been a steady increase, of course, in private ownership.

In 1913 we had only 2 per cent of the world's tonnage, ranking eighth. By June 30, 1930, we had gained second rank, with almost 12 per cent of the world's total.

Vessel-operating losses have been reduced from \$41,000,000 in 1924 to \$8,431,000 in 1932—being \$864,000 less than the previous year.

In 1920 there were carried on the board and Fleet Corporation pay rolls 9,487 persons, drawing salaries amounting to \$19,000,000; this number has been reduced by 8,441, with annual salaries of \$2,140,055.

To-day about 86 per cent of the vessels and 83 per cent of the tonnage are owned by private American interests.

The Shipping Board fleet comprises 357 vessels, of which 236 are cargo ships, 10 refrigerator ships, 4 combination passenger and cargo ships, and 7 harbor tugs.

Of the cargo ships, 96 are in active operation on regular line service, and 240 are the laid-up fleet; 124 of these have been undocumented and will be sold for scrapping, thus reducing the Government-owned fleet to 233 vessels.

There are two ocean mail contracts pending, favorably reported on, which, when executed, will take away some 63 ships, which will pass into private hands.

In my judgment, the Government should retain, and the Fleet Corporation, under direction of the Shipping Board, should operate them.

I do not think it wise for the Government to part with all the ships and abandon all operation.

Experience has taught us that influence on freight rates is important and emergency service may be vital.

The total expenditures under the 44 ocean mail contracts for the year 1932 were \$22,431,791.

The postage revenues from the mails carried on these routes for the fiscal year 1932 were, approximately, \$5,182,000.

Of course, the expenditure was placed on a mileage rather than a poundage basis, because the purpose of Congress was to help offset the higher cost of building and operating ships under the American flag than under foreign flags and for the maintenance of regular and frequent service on essential trade routes, in accordance with the declared purpose of Congress to develop an American merchant marine.

When we consider that some \$300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign countries, is now paid to our nationals and spent in this country rather than in other countries, as before, and that in addition the operators of these lines have invested nearly \$300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve, which would be of incalculable value in a national emergency, do not seem excessive.

Some years ago the Shipping Board sold some valuable ships at ridiculous prices—almost gave them away.

These mail contracts have made possible sales at somewhat reasonable prices, which include agreements to replace and repair the ships and operate them on definite routes and in specified services for 10 years.

Payments on the contracts invariably are less than the annual deficit the Fleet Corporation incurs by their operation.

It is claimed 1,764 sailings with mail and cargo will be available to American traders and travelers during the year.

Shipping has suffered by reason of the falling off of exports and imports.

Our foreign trade reached its greatest volume in June, 1921, when the volume reached 10,699,596 gross tons.

In June, 1931, it amounted only to 5,187,692 gross tons, a decrease of 5,511,904 gross tons—34.7 per cent—carried in American vessels.

Our coasting trade during that time increased 2,305,507 gross tons.

The merchant marine on June 30, 1932, including all kinds of documented craft, comprised 25,156 vessels, of 15,838,655 gross tons, of which 1,967 seagoing vessels, of 9,937,717 gross tons, were of 1,000 tons or over.

The United States Shipping Board had (1932) 362 vessels, of 2,088,864 gross tons.

Private and Shipping Board ownership totaled 1,852 steel vessels, of 9,682,234 gross tons, and 365 wood vessels, of 451,388 gross tons; total of all, 2,217 vessels, of 10,133,622 gross tons.

The policy and purpose expressed in the beginning are sound. We must persist in them.

It is no wonder we find overseas shipping hard pressed when we consider the following figures, furnished by the

statistical division of the Bureau of Foreign and Domestic Commerce, Department of Commerce:

1924 (calendar year):	
Imports.....	\$3,609,963,000
Exports.....	4,590,984,000
1932 (calendar year):	
Imports.....	1,225,199,000
Exports.....	1,481,379,000

The 1932 figures are for 11 months only; they do not include those for the month of December.

About one-third of our exports are agricultural products. We must increase our export business.

Our surplus must find foreign markets. It is essential that we bend our energies in that direction.

This decline in imports and exports will not continue.

It must be gratifying to know that while we had only 6 American-flag ships of 70,000 gross tons in 1914 operated in our trade with Europe, in 1930 we had 232 American ships, of 1,500,000 gross tons, in that trade, which had increased 50 per cent.

There were only 5 American ships of 23,000 gross tons in 1914 operating between the United States and South America. By 1930 the number of American ships had increased to 90 and our trade with that region 200 per cent.

We had no ships to the African Continent in 1914; now we have 20 ships in that trade, of 114,000 gross tons.

In our trade with the Orient in 1914 we had 5 American ships operating from the Pacific coast. In 1931 the number had grown to 87 ships of 700,000 gross tons.

Wherever American-flag services have been inaugurated and extended, there has followed a gratifying expansion of our foreign trade.

It is highly important that we encourage this development.

It would be folly to cripple or surrender the undertakings which have shown such accomplishment.

Commerce speaks the language of cooperation and good will.

The memoranda asked to be inserted are as follows:

UNITED STATES SHIPPING BOARD,
Washington, January 9, 1933.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: Please find listed below certain information relative to the merchant marine which Admiral Cone has requested that I, in his absence, send to you:

1. The number and tonnage of ships operating under American flag in foreign commerce when the shipping act, 1916, was passed were:

Number.....	112
Gross tonnage.....	598,270

(Taken as of June 30, 1914, of vessels of 1,000 gross tons and over.)

2. The number and tonnage of ships constructed by the Government under the emergency war program from 1916 through 1921 were:

Number.....	2,316
Gross tonnage.....	9,327,685
Dead-weight tonnage.....	13,636,967

3. The number and tonnage of ships now owned by the Government are:

Number.....	356
Gross tonnage.....	2,065,589
Dead-weight tonnage.....	3,071,610

4. The number and tonnage of Government-owned ships now being operated are:

Cargo vessels.....	94
Gross tonnage.....	556,288
Dead-weight tonnage.....	858,697
5 tugs (gross tonnage).....	2,523

5. The number and tonnage of privately owned ships now operating under American flag in foreign trade are:

Number.....	280
Gross tonnage.....	1,900,452

6. The number and tonnage of Government-owned ships now laid up are:

Number.....	257
Gross tonnage.....	1,509,301
Dead-weight tonnage.....	2,212,913

(Includes 117 ships sold for scrapping.)

7. The number and tonnage of privately owned ships now laid up are:

Number.....	462
Gross tonnage.....	2,272,788

(As of September 30, 1932.)

8. The number and tonnage of Government-owned ships now idle, but fit and ready for operation are:

Number.....	72
Gross tonnage.....	461,872
Dead-weight tonnage.....	657,044

9. With reference to the scrapping of Government-owned ships, beyond those already sold for that purpose, Admiral Cone wishes to advise you as follows:

The Government should not scrap any more of its ships for the reasons that (a) the remaining ships are of suitable types for foreign and/or domestic trade and are in good condition; (b) these ships are valuable as naval auxiliaries and should be retained for use in national emergency if for no other reason.

10. With reference to the elimination of the Merchant Fleet Corporation, Admiral Cone wishes to advise you as follows:

The objections to the elimination of the Merchant Fleet Corporation are:

(a) That the board would be restricted from following commercial practices in sale of vessels and other property, in the operation of its insurance fund, in the purchasing of supplies, in the employment of specially trained employees as required, and in the disposition or operation of vessels returned to it through foreclosure or other proceedings.

(b) That the board would have no adequate agency through which to function in case of national emergency.

In Admiral Cone's opinion no saving would result from elimination of the corporation, although considerable saving will result from its reduction to a skeleton organization as liquidation progresses to completion. He believes that the Fleet Corporation should be retained as now provided for by law, as it may become necessary at anytime to enter the field of operation. He also believes that the Shipping Board can get the corporation down to a reasonable basis more rapidly and more economically than any other department of the Federal Government. He believes that the corporation should be greatly reduced in personnel and used principally in supervising the laid-up fleet, in liquidation of old accounts, settlement of claims and of lawsuits, the details of which are very complicated and which could not be handled by another organization without waste and delays.

11. The Fleet Corporation now operates, through managing operators, 94 ships of 556,288 gross tons and 858,697 dead-weight tons.

12. When sales to Lykes Bros. Steamship Co., American Hampton Roads, and Oriole Lines are made, 66 ships will pass to private hands, leaving 28 ships in operation through managing operators by the Fleet Corporation.

13. With reference to whether or not the Government should own and operate some ships at all times, Admiral Cone wishes me to advise you that, in his opinion, the Government should own and keep in lay-up, available for operation, the remainder of the ships now owned. He believes that all operations of vessels, except in emergency, should be by private owners, because such operation is cheaper than governmental operation. It is more economical for the Government to give mail pay to private operators than to operate ships itself.

Should you desire any additional information, kindly advise me. Respectfully,

J. W. BARNETT,
Director Bureau of Construction and Finance.

P. S.—The data contained herein, except in paragraph 2, applies to vessels of 1,000 gross tons and over.

JANUARY 23, 1933.

Memorandum for Admiral Cone.

After delivery of vessels to Southgate-Nelson Corporation and Lykes Bros.-Ripley Steamship Co. (Inc.), there will remain in operation 32 vessels:

America France Line.....	8
American Pioneer Line.....	11
American Republics Line.....	11

30

Under bare-boat charter:

American West African Line.....	1
War Department.....	1

32

There are presently inactive and in lay-up 130 vessels.

The time required to place these vessels in service is as follows:

Seventeen vessels will require a period of 2 weeks each, 26 vessels will require a period of 3 weeks each, 32 vessels will require a period of 4 weeks each, 54 vessels will require a period of 6 weeks each.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., December 30, 1932.

HON. DUNCAN U. FLETCHER,
United States Senate.

MY DEAR SENATOR FLETCHER: The Postmaster General has asked me to acknowledge receipt of your letter of December 22, 1932,

asking information about the amount of revenue which the Government receives from the ocean mail contracts.

It is estimated that the postage revenues from the mails carried on these routes for the fiscal year 1932 were, in round figures, \$5,182,000, while the total expenditure for the routes was, for the fiscal year 1932, \$22,431,791.

It should be borne in mind, of course, that expenditure on these routes was not for the carriage of mails, which was merely a secondary or, in many cases, an incidental feature of the service. The purpose of the payments was to offset the higher cost of building and operating ships under the American flag than under foreign flags, and for the maintenance of regular and frequent service on essential trade routes in accordance with the declared purpose of Congress to develop an American merchant marine.

When we consider that some \$300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign carriers, is now paid to our own nationals and spent in this country rather than in other countries as before, and that, in addition, the operators of these lines have invested nearly \$300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve which would be of incalculable value to us in a national emergency, do not seem excessive.

Very truly yours,

HAROLD N. GRAVES,
Executive Assistant to the Postmaster General.

THE AMERICAN MERCHANT MARINE
CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D. C.

In view of statements recently made, both in this country and abroad, as to our national shipping policies showing that the facts and purposes underlying those policies are completely misunderstood by those making the statements, I desire to invite attention to the position of the Chamber of Commerce of the United States in the matter.

The national chamber took an active part in developing and supporting the key provision of the merchant marine act, 1928, namely, that providing for establishment and maintenance of American-flag services on our essential overseas trade routes through contracts between the Government and private shipping companies able and willing to undertake the obligation of providing the needed services. No longer ago than May, 1932, the chamber clearly reiterated its support of Government assistance to our merchant marine in the following resolution unanimously adopted by the membership at the twentieth annual meeting:

"The assistance extended by the merchant marine act of 1928 has enabled American steamship companies generally to hold their position against foreign competition. Under prevailing conditions the national interest urgently requires maintenance of this assistance. The support of the American merchant marine requires that the Government should utilize its facilities to the fullest possible extent and refrain from operating competing services."

Opponents of our national policy of maintaining a merchant marine under the American flag through the present system exaggerate its cost. In doing so some include the cost of our emergency merchant fleet built for war purposes at war prices, a fleet in part already scrapped and as to the remainder largely obsolete. Others, attacking our policies from another direction, charge that excessive prices are being paid American ships for carriage of the mails. In this they misconstrue the clear purpose of the 1928 act to award mail contracts not merely to pay for transporting the mails but primarily as compensation for maintaining essential American-flag shipping services outside our tariff barriers which would otherwise be impossible in the face of competition from foreign shipping built and operated with labor on wage scales greatly lower than our own.

The opponents of our shipping policy fail to realize the determination of the American people to have a merchant marine. They fail to visualize the consequences of the only alternative to a privately owned and operated merchant marine—that of a marine provided through Government ownership and operation. Experience of the decade following the war taught us that ownership and operation by the Government is both undesirable and costly. The actual costs were much greater than under our present system, and the results were greatly inferior.

Another essential fact apparently overlooked by those who would scuttle the American merchant marine is its indispensability as an adjunct to the national defense, of even greater importance since the limitation of naval armaments. This and the greatly increased interest in overseas trade routes serving the commerce of the different countries represent changes in the world situation which all concerned must take into account.

The United States is in the midst of application of its new and soundly established shipping policies. Under these policies the Government has practically eliminated itself from the shipping business, our essential trade routes are being efficiently maintained, and 42 vessels totaling 463,000 gross tons, adapted to modern requirements and costing \$156,000,000, have in the past five years been built in American yards, giving employment to labor and industry not only in the yards but also throughout the country for materials and equipment. The present business depression has now almost stopped the construction program and has thrown heavy burdens upon operators of shipping lines. These condi-

tions, however, in no way affect the soundness of our permanent shipping policies. Rather do they emphasize their importance.

That our policies are moderate and are operating to secure for American shipping only a very modest share of our overseas trade is shown by the fact that in 1931 our shipping carried only 35 per cent of that trade expressed in value and 37 per cent expressed in tonnage.

The chamber's long-continued efforts and support for sound national shipping policies were outlined by the president of the chamber in an address, which is printed herewith, before the Sixth National Conference on the Merchant Marine, held under the auspices of the Shipping Board in the national chamber building on January 4, 1933. The chamber's policies, as described in the address, seemed to be in entire harmony with the views expressed by all speakers at the conference, including Members of Congress, Cabinet officers, and other Government officials having to do with shipping, representatives of the shipping industry, and spokesmen for shipper and foreign-trading interests.

This summary of the chamber's position regarding our national shipping policies is presented in the hope that it will be of assistance in correcting erroneous impressions upon the subject.

HENRY I. HARRIMAN, *President.*

JANUARY 24, 1933.

Mr. WHITE obtained the floor.

Mr. ODDIE. Mr. President, will the Senator from Maine yield?

Mr. WHITE. Certainly.

Mr. ODDIE. I move that when the Senate recess to-night, it recess until 12 o'clock noon to-morrow.

The motion was agreed to.

Mr. COPELAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Dale	La Follette	Schuyler
Barbour	Davis	McGill	Sheppard
Barkley	Dickinson	McKellar	Shipstead
Bingham	Dill	McNary	Smith
Black	Fess	Metcalf	Steiwer
Blaine	Fletcher	Moses	Thomas, Okla.
Bratton	Frazier	Oddie	Townsend
Bulkeley	George	Pittman	Trammell
Bulow	Grammer	Reed	Vandenberg
Byrnes	Hale	Reynolds	Walsh, Mass.
Capper	Hayden	Robinson, Ark.	Watson
Connally	Hebert	Robinson, Ind.	White
Copeland	Johnson	Russell	
Costigan	Keyes	Schall	

Mr. WALSH of Massachusetts. I should like the RECORD to show that my colleague [Mr. COOLIDGE] is out of the city by reason of illness in his family, and will be absent the remainder of the evening and perhaps to-morrow.

The PRESIDING OFFICER. Fifty-four Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Tennessee [Mr. McKELLAR].

Mr. WHITE. Mr. President, if time permitted, I should undertake to controvert many of the statements of fact made by the Senator from Tennessee and all the conclusions drawn therefrom. I address myself not to the language of the amendment, not to its immediate consequences, but to what I conceive will be the ultimate result if the amendment should be adopted.

Mr. President, this amendment challenges the merchant-marine policy of the United States as declared in the legislation of Congress. It assails directly the efforts that are being made under that legislation to restore the American ship to the sea. I conceive the amendment to be against the interests of our country, for I hold it to be fundamental that for the spread of our trade, for our commercial independence, and for our national security we should have a great and a prosperous American merchant marine.

Mr. President, in the years before the great World War there were carried in American ships of those things which we sold to foreign nations and of those things which we bought less than 10 per cent, while over 90 per cent of the export and import trade of this country of ours was carried by foreign ships; and that 90 per cent accurately represented the degree of our dependence upon alien and, in a commercial sense, hostile agencies. When the World War came in 1914 there was demonstration of the truth of this statement.

In 1914, Mr. President, we had in the overseas trade of the United States just 17 ships flying the American flag. When

that war came, when foreign-flag ships were withdrawn from our trade, we saw at all the ports of the United States, the docks and warehouses and railroad terminals, and freight cars stretching miles into the interior, filled with goods of America, the products of our farms and our fields and our factories, unmoved and immovable. We moved then not the things which America desired to sell but only those things which foreign nations chose to transport. As a result of that situation, in the absence of American ships, we saw freight rates mount to intolerable heights. We saw the freight on cotton jump from 35 cents a hundred pounds to \$11 a hundred pounds; we saw the freight on wheat jump from 8 cents a bushel to a maximum of \$1.36 a bushel; we saw the freight on flour jump from 10 cents a hundred pounds to \$1 a hundred pounds; and throughout the whole freight schedule we saw the freight rates rise ten times over. In that situation and because of our want of ships, the American farmer, the American manufacturer, and the American merchant paid in excessive freight rates an amount more than this legislation would cost in a hundred years of time; and we suffered, too, the humiliation of our impotence.

It was out of these circumstances and of our necessities that there sprang the great program of shipbuilding during the war and immediately thereafter. We built almost 2,500 ships of a gross tonnage of ten and a quarter millions, and we paid therefor approximately \$3,500,000,000, taken from the taxpayers of this Nation. For a time, as a result of that great shipbuilding program, it seemed as though this country was to have once more its place upon the sea. Those ships were a mass product, and it was found they were inadequate for many trades and for many purposes of trade. The Shipping Board established some 38 lines to the different ports in various quarters of the world with these ships. But they were a mass product and it was found that they were inadequate for many trades and types of service. They were, too, of slow speeds; and as soon as normal conditions were restored throughout the world, we awoke to the realities of our situation. Soon old influences began to exert themselves, and we found ourselves faced with the deplorable fact that the percentage of goods carried in American ships was once more shrinking. Mr. President, from 1921 to 1927 we saw a constant shrinkage in the percentage of goods carried in American ships. In 1921 we carried in American ships approximately 55 per cent of the things we bought and sold. In two years' time it had fallen to 44 per cent, in three years more to 34 per cent, and when 1927 came we were carrying in our ships only 32 per cent of the overseas foreign commerce of the United States.

During that period of time, from 1921 to 1927, out of 59 great ports of the United States through which our export and import trade flowed, foreign ships showed a gain in the percentage they carried in 47. America held her own in but 12 of those ports. In that year, 1926—and I speak of that year because it was the last full year before we began the consideration of this merchant-marine legislation—in that one year 33 foreign nations participated in our carrying trade, and we paid to them in round numbers \$600,000,000 for carrying the products of this Nation and bringing to us the things that American money had bought. In the 10 years of time, from 1921 up to 1931, we paid to foreign nations approximately \$6,000,000,000 for carrying these commodities of the United States—\$6,000,000,000 to be added to those other billions that with prodigal hands we had poured into the coffers of the nations of Europe.

Those were the outstanding commercial facts from 1921 up to 1927.

What was the story with respect to shipbuilding in that time?

Senators, during that period of time from 1921 up to 1927, when we began the consideration of this legislation, there were built in the world, of seagoing vessels of 4,500 gross tons, approximately 7,900,000 tons; and America's contribution was 309,000 tons. That total was made up of 1,039 ships; and America built, of those 1,039 ships, but 41. There were included in that total 307 modern motor ships, and

America's contribution was but 2 of those modern motor ships.

Senators, in that period of time foreign nations built and put into the trade of the United States more than 800 new ships; and here in this country of ours along the Atlantic seaboard, around the turn of the Gulf, up that great Pacific coast, there was not built by an American shipyard for the overseas trade of the United States a single ship. Eight hundred new ships were put into this trade of ours by foreign nations, and not a single ship built in America for the overseas trade of the United States!

What is the significance of those shipbuilding figures?

First of all, they demonstrate that we here in this country were undertaking to hold the markets of the world and to extend this foreign trade of ours with ships that were old and ships that were slow, in competition with foreign nations having ships that were new and modern, ships of speed.

If there is one thing that the story of transportation shows, it is that in this day speed and service are almost synonymous terms; and we could never hope to expand, through the aid of the American ships, this commerce of ours unless we had ships able to compete with the ships of the world.

Those figures demonstrate another thing—that we were in danger of losing, here in this United States of ours, the physical capacity and the technical capacity to build a modern seagoing ship.

Before the Great War, in 1916, we had in the United States 22 shipyards capable of building a modern seagoing vessel. During the war that expanded to 211 yards. When 1927 came, on all the coasts of the United States we had just 12 shipyards capable of building a modern seagoing vessel, and not one of those shipyards was active. Great Britain alone had 57 such yards.

We were told that if that condition continued, the time would come within a short lapse of years when there would not be in this country of ours either the physical or the technical capacity to build a modern combination cargo and passenger ship.

That was the story of our shipbuilding situation that confronted the Congress when 1927 came around.

Then we were faced with the problem of our national defense.

Senators, when 1927 came, and we looked about the world and considered the auxiliary ships available to the Navy of the United States, and then looked abroad and compared our situation with that of foreign nations, what did we find?

Of ships of 4,000 tons and over, and of 15-knot speed, capable of conversion to military purposes, Great Britain alone had 227, and we had only 70 nondescripts.

What is the use of talking about naval parity of this country of ours when Great Britain, in auxiliary ships of the merchant marine, outrates us 3 to 1?

Then we looked abroad, and we saw the shipbuilding programs of these nations under which they were building or proposing to build great superliners; and why were they embarked upon that program, Senators? Those superliners are restricted by no naval agreements; and yet those liners possess a potential military value as great as that of many of the cruisers permitted by present naval limitations. These ships have a speed equal to that of permitted cruisers. They have a greater cruising range than permitted cruisers. They carry guns upon a stabler base than many of these new ships of war. They can carry planes and thousands of troops; and Great Britain and Italy and Germany and France were projecting these programs, planning the building of these great liners, not alone for commercial purposes, but that they might have in the hour of need weapons of offense and of defense as well.

That was the situation that confronted us when the Seventieth Congress came into being, and brought us face to face with the problem of legislating for the American merchant marine.

The alternatives that presented themselves were perfectly clear. We could have done nothing. We could have fol-

lowed a policy of inertia and inaction. We could have continued idle while the obsolescence of our fleet continued. We could have seen this great investment of \$3,500,000,000 becoming worthless. We could have permitted our dependence upon foreign nations to continue to grow. That was one choice of policy.

Another alternative presented to us was the building of a great merchant fleet by the Government of the United States, and the continuance of the Government of the United States in the operation of commercial ships. There immediately was presented, as we considered this alternative, a great replacement program, for by 1928 most of the vessels of the United States had passed half the period of their efficient and economic life, the beginnings of a replacement program that in 10 years of time would have cost this Government at least \$500,000,000, and might well have reached to \$1,000,000,000; and no one was prepared to vote for that program.

The other alternative was aid for the privately owned merchant marine; the enactment of legislation which would transfer this replacement burden from the Government to the private owner; that would stop this downward trend in the percentage of goods carried in the American ship; that would mean the building of new and faster ships; and that would equip this country of ours to go out and to compete for the markets of the world. That was the course definitely and intentionally decided upon by the Congress of the United States.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. WHITE. Mr. President, I understand that under the unanimous-consent agreement I have 15 minutes on the bill.

The PRESIDING OFFICER. The Senator has 15 minutes on the bill.

Mr. WHITE. I will continue, then, as long as my time will permit.

So we entered definitely upon this program of encouragement of the merchant marine in private hands and through private operation. The legislation we passed contained two primary aids: One, loans under the construction-loan fund, and the other, aid under the postal-contract provisions of the legislation.

These loans have been severely criticized, and out of all of them there are probably 12 loans at a rate of interest which I could not and would not attempt to justify; but taking this picture as a whole, looking at them with a mind seeking the truth as to the whole picture, what do we see?

There have been authorized loans totaling approximately \$148,000,000. Out of those loans there are just 12 that bear an effective rate of interest less than 3 per cent. In that total, from the time the original act of 1920 was passed, containing the construction-loan fund, to this hour, the average effective rate of interest on all those loans is 4 per cent or over. On the first of this year, out of that total of \$148,000,000, there were in arrears just \$2,223,000 in principal and interest—\$2,223,000 in arrears out of authorized loans of \$148,000,000!

And what has it cost?

Those construction-loan funds to this hour have cost the Government of the United States nothing; for the average of 4 per cent which is charged and paid upon these loans is more than the Government of the United States has paid for money since the act of 1920 was passed and the construction-loan fund established. Average it all; take them all as an entirety; they have cost the Government of the United States nothing to this good hour. But through them there has been credit furnished; there have been funds furnished under which this great construction program could be undertaken; and under those loans there have been constructed, or there are in process of construction, or there are to be constructed, 57 vessels in shipyards of the United States, and 42 vessels reconstructed.

That program, I say to Senators, in these dark days of the last three years has meant the employment of more than 40,000 men for two years and a half of time. Forty thousand men through two years and a half of time put

at work and kept at work, at no expense to this time to the Government of the United States itself.

Then there was the mail-contract provision of the law. Under that—and I have to hurry on—there have been contracts let for 43 lines running from the ports of the United States to the ports of the world. Those contracts call for the building of 54 new ships and the reconditioning of 58 other ships in American shipyards.

That is the story of what has been accomplished to this time. You ask me what it has cost. I tell you that the construction-loan fund has cost this Nation as a whole and in its entirety not a cent to this day.

What has the mail-contract provision of the law cost us? Why, back in 1931 we spent, for this mail title, \$18,818,000. The carriage of that mail under a poundage basis would have cost \$2,710,000. That is a net cost chargeable to these contracts of \$16,108,000. But what have we saved by that expenditure? If we go back and average the expenditure, the administrative expense of the Shipping Board and the operating losses of the Fleet Corporation from 1921 to 1926, we find that it averages \$40,430,000 a year.

We cut that administrative expense and those operating losses through the influence of this legislation, so that in 1931 it was \$6,346,000, and that represents a saving from those administrative expenses and those operating losses of the years preceding this law of approximately \$34,000,000. And that is a saving of more than twice what this mail title of this legislation cost in 1931. The figures for 1932 closely parallel those of 1931.

Mr. President, what have we accomplished by this legislation? I have told the Senate of the building of new ships, but there is more than that to its credit. We stopped the downward trend in the percentage of goods carried in American ships. What does that mean? I said, when I began talking, that in 1914 we carried less than 10 per cent of American goods in our ships. From 1923 to 1932 we have carried approximately one-third. In this latter period of time the total tonnage of freight of the United States moving overseas by water was about 953,000,000 tons, its value was about \$67,000,000,000, and there was paid for that service approximately \$9,000,000,000. Three billion of it under this legislation, and under the expenditures we have made for American ships, came to the United States.

If we had continued the old rate of 10 per cent, instead of the United States receiving \$3,000,000,000, it would have received \$900,000,000. Instead of paying \$6,000,000,000 to foreign nations, we would have paid \$8,100,000,000. By the operation of this law, by our efforts to build an American merchant marine, we have transferred from foreign nations in 10 years' time to this country a national income of \$2,100,000,000. We have transferred that vast sum from foreign ships, from foreign nations, from foreign interests, and have added it to the national income of the United States. That is \$210,000,000 a year or ten times what this legislation has averaged to cost a year. I ask whether that is worth while.

Mr. President, in 1914 we had 17 American ships in the overseas trade of the United States. To-day we have 388 ships flying our flag and going to the markets of the world. To-day by virtue of these mail contracts there are going out from more than 60 ports of the United States American-flag ships to 550 ports of the world. I say, Senators, that there never was a foreign-flag ship that was a salesman for American goods, but wherever American ships go there we find an expanded American trade.

Something was said here the other day about the good old days back before the war. Reference has been made this evening to the American West African Line, and I recall definitely the fact that in 1914 not a single American ship was engaged in trade with Africa. The total of our trade with Africa in that year was \$47,000,000, and in 1927, 19 American ships went to Africa and our trade was \$200,500,000, an increase of 325 per cent.

In 1914, five ships only flying the flag of our country went to South America in peaceful trade, and the total commerce of this country with South America was \$347,000,000. In

1927 there were 89 American ships in that trade, and the value of the trade was a billion dollars.

In 1914, out from the Pacific coast to the Orient went just five American ships. In 1927, from the Atlantic coast and from the Pacific coast, there went to the Orient more than 140 American ships, and the trade with the Orient had jumped from \$380,000,000 to \$1,800,000,000, an increase of 380 per cent.

Senators may study the figures, and there will come to them demonstration and recognition of the truth known to the fathers of the Nation, that wherever the American ship goes there goes expanded trade for this country of ours.

Senators, through the country, even in high places, we hear raised voices urging repudiation, defending the breaching and dishonoring of contracts. There are those who would haul down our country's flag from its peak and put upon this country of ours the shackles of commercial slavery. I am unwilling, Mr. President, to believe that that is the desire of the American people. I am unwilling to believe that in the Senate of the United States that theory will find approval.

Mr. FRAZIER. Mr. President, I would like to ask the Senator from Maine a question. It has always been hard for me to understand why foreign shipping interests seem to take the trade away from American shipping interests and why it is that our own shipping interests here in the United States can not compete successfully in the foreign trade.

Mr. WHITE. It comes because of a cost differential, in the first instance, and then an operating and subsistence differential against the American ship. To illustrate it briefly, and speaking very generally, because I have no particular ships in mind at the moment, let us take a ship that costs to build in the United States a million dollars. A similar ship could probably be built in Great Britain for \$600,000. There would be a capital differential of \$400,000. That is the first difficulty.

Mr. FRAZIER. Is that because of the cost of labor?

Mr. WHITE. Very largely, because in the building of one of these modern ships at least 75 per cent, probably 78 per cent, goes to labor. There is an operating differential, there is a subsistence differential, and then, more than that, notwithstanding those differentials in favor of the foreign-flag ship, there is not another maritime nation in the world that has not aided its shipping.

Great Britain began subsidizing her merchant marine away back in 1847, and she never has given up that policy of extending aid to British shipping. Take the *Lusitania* and the *Mauretania*, two great ships. She loaned to the Cunard Co. the entire cost of building those ships. She paid them, in addition to that, a postal subvention, and she paid them a naval subvention, and the *Mauretania* stands the Cunard Co. not a nickel to-day.

She did more than that. I did not know I was to speak on this, and I speak purely from recollection. Along about 1921 Great Britain established a fund to aid Britishers in building their ships, and a trade facilities fund also. She has put into that fund since 1921, roughly, £70,000,000, and it is going out to aid British shipbuilders, notwithstanding these differentials in their favor, and to aid British companies in the expansion of their foreign trade.

France has done the same thing. France began her shipping subsidies in 1881, and she has never stopped it from that day to this. Germany began it in 1886. Germany has kept it up, except for those dark days, for her, of the war.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. FRAZIER. Mr. President, I wanted to ask the Senator from Maine if he thinks it will be necessary for the United States to continue this so-called subsidy if we are to keep our American merchant marine in operation.

Mr. WHITE. I hope it will not be necessary. I believe it will not be necessary to continue it indefinitely. If we to-day had a loyalty among the American people comparable with the loyalty of the British to the British ships, and if we carried in American ships to-day the same proportion of

goods that the Britisher ships in British ships, I think that even to-day we could maintain the merchant marine of ours without governmental aid. I believe that if we will persist in this policy with courage and with faith, the day will come when governmental aid will not be necessary for the American merchant marine.

Mr. GEORGE. Mr. President, I wish to ask the Senator from Maine a question.

The PRESIDING OFFICER. The Senator may do so in the time of the Senator from Georgia.

Mr. GEORGE. In my own time; yes. The Senator from Maine has given great study to this matter; he was one of the joint authors of the Jones-White law, and I desire to ask him if there is any question about the right of Congress to compel a modification of these contracts by reduction of the appropriation? Has the Senator made an investigation of that question?

Mr. WHITE. Mr. President, I do not want to be disrespectful in anything I say, or to question the motive of any person, but I think that when we have entered into 54 contracts, under which 54 shipping lines are being paid money, and when on the strength of those contracts they have obligated themselves to huge expenditures of money, and have assumed other heavy burdens, that then to cut that compensation half in two is bad faith on the part of the American Congress.

Mr. GEORGE. I am not asking the Senator about bad faith. I am reasonably capable of making my own judgment upon that point, with the same respect to the Senator.

Mr. WHITE. I beg the Senator's pardon.

Mr. GEORGE. I am asking the Senator about his opinion as to the validity of the contracts, and I am asking the question because I want information.

Mr. WHITE. I may not be able to give the Senator the information he desires.

Mr. GEORGE. Can the amounts contracted to be paid to these companies, respectively, be reduced without violating the contracts?

Mr. WHITE. I would say this without reference to any specific or particular contract: There is in the law authority lodged in the Postmaster General to prescribe generally the terms and conditions of these contracts, and what he may do in a given case depends upon the terms of the particular contract involved. It might give him a measure of authority with respect to changing ports of call and the number of sailings required. That would be governed by the contract itself. When a contract has been made, we will say, with the American West African Line, for illustration, and when that line starts out from New York with a contract which takes it to the west coast of Africa, with various ports of call over there in West Africa named, I have no doubt that under the terms of that contract the Postmaster General could vary somewhat those ports of call on the African coast. I assume that is written in the contract in that form. If it is there, then I answer yes; but I do not believe he could tear the heart out of that contract by cutting down, cutting out, and in effect eliminating that trade altogether. I do not believe that contract or any other gives such sweeping powers of change.

Mr. GEORGE. Mr. President, I was asking for information solely.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. GEORGE. I should be glad to yield to the Senator to give me the information, because I do not want to abrogate a contract if there is no proper power in Congress to do so.

Mr. FLETCHER. Mr. President, on that subject, we will say that a contract calls for so many round trips a year. The Postmaster General might be able to say that, instead of making delivery once in two months, or once in a month, the company shall cut the trips down to once in every three or four months. But that would not serve the purpose of the contract at all. That would not serve the interests of the country and the public. That would not increase our trade. The Postmaster General might be able to say, "Well, your contract calls for mail delivery once a week.

I am going to make you deliver the mail once every two weeks." He might be able to do that, and perhaps reduce the compensation by lowering the number of trips a ship might make, but in doing that he would destroy the effectiveness of the service.

Mr. GEORGE. I appreciate the Senator's observations on that point. I have no doubt there is great force in them. But what I was particularly trying to ascertain was whether or not the number of deliveries and the duration of the contracts might, without violation of the contract, actually be reduced or changed or modified by the Postmaster General. Of course, I understand that whether or not the contract would serve the real purpose which Congress had in mind would be a different question. I have not given any study to the contracts; I have had no opportunity to do so, and, frankly, a hurried reading of them indicates to my mind that within limitations the Postmaster General might reduce the number of trips or deliveries, and since all the contracts are payable on a mileage basis, that would have the effect of reducing the amount actually paid to the contractors or the shipping companies.

Mr. FLETCHER. The Senator may be right about that, but in case that was done it would be the same as making a contract for carrying mail from Habana to Liverpool and making deliveries once a month, whereas good service would require that deliveries ought to be made once a week. He might be able to change it, but if he did, then there would be no good service, and the mail might as well go by freight.

Mr. GEORGE. That might be. I am merely making inquiry about how far the contracts ought to be observed because they are contracts.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. GEORGE. Certainly.

Mr. COPELAND. If the Senator will bear with me a moment, let me say that I was so impressed by the arguments presented in the committee at various times by the Senator from Tennessee [Mr. McKellar] that I sought to find out about the validity of the contracts. I have here an opinion which was rendered to me by a competent attorney on that subject. It is so long that I think it would be unfair to take the time of the Senate to read it, but it is very plain that if the Senate should adopt these amendments it will be in effect charging a failure in his duty upon the Comptroller General. These contracts have to be submitted to him. The Postmaster General agrees upon the terms of the contract, makes the contract, and turns it over to the Comptroller General, who passes upon the legality of it.

Mr. President, I will ask that this memorandum be inserted in the RECORD at this point, because it is too long to read.

Mr. McKellar. Mr. President, may I inquire of the Senator from New York who prepared the memorandum?

Mr. COPELAND. An attorney in New York.

Mr. McKellar. Would the Senator mind giving his name?

Mr. COPELAND. He is my personal friend and attorney.

Mr. GEORGE. Does the attorney give it as his opinion that the contracts can not be modified at all?

Mr. COPELAND. They can be in certain minor particulars, but the saving which would follow would, in my opinion, be infinitesimal.

The PRESIDING OFFICER. Without objection, the memorandum will be printed in the RECORD, as requested.

The memorandum is as follows:

VALIDITY OF MAIL CONTRACTS

All of the ocean mail contracts have been made under and pursuant to the merchant marine act, 1928.

Section 402 of said act made it the duty of the Postmaster General to certify to the Shipping Board what ocean mail routes, in his opinion, should be established and operated.

Section 403 provides that the board shall as soon as practicable after the receipt of such certification from the Postmaster General determine and certify to him the type, size, speed, and other characteristics of the vessels which should be employed on each route, the frequency and regularity of their sailings, and all other facts which bear upon the capacity of the vessels to meet the requirements of the service stated by the Postmaster General.

The board in making its determination shall take into consideration the desirability of having the mail service performed by vessels constructed in accordance with the latest and most approved types, with modern improvements and appliances.

Section 404 authorizes the Postmaster General to enter into contracts with citizens of the United States whose bids are accepted for the carrying of mail between ports between which it is lawful under the navigation laws for a vessel not documented under the laws of the United States to carry merchandise, and he shall include in such contracts such requirements and conditions as in his best judgment will insure the full and efficient performance thereof and the protection of the interests of the Government.

Section 406 of the act provides that before making any contract under the merchant marine act for the carrying of mails the Postmaster General shall give public notice by advertisement once a week for three weeks in such daily newspapers as he shall select in each of the cities of Boston, New York, Philadelphia, Baltimore, New Orleans, Charleston, Norfolk, Savannah, Jacksonville, Galveston, Houston, and Mobile, calling for bids for carrying of such ocean mails; or when the proposed service is to be on the Pacific Ocean, then in Los Angeles, San Francisco, Portland, Tacoma, and Seattle. The notice for bids shall prescribe the proposed route, the time when such contract will be made, the number of trips a year, the schedule required, the time when the service shall commence, the character of the vessels required, and all other information deemed by the Postmaster General to be necessary to inform prospective bidders as to the character of the service required.

Section 407 then provides that each contract for the carrying of the mails shall be awarded to the lowest bidder who in the judgment of the Postmaster General possesses such qualifications as to insure proper performance of the mail service under the contract.

The Postmaster General has testified repeatedly before the House and Senate Committees on Appropriations that he has literally carried out the mandates of the statute; that he has prescribed the route, made the certification to the Shipping Board, and thereafter called for bids and let the contract to the low bidder. One exception was the letting of a contract to the Mississippi Shipping Co., the high bidder, pursuant to a resolution of Congress directing that such action be taken by the Postmaster General.

After the award is made and before the contract is signed, it is submitted to and approved in the Post Office Department by an Assistant Attorney General of the United States assigned to that department. The Postmaster General does not pay out any money on the contracts. His department certifies to the General Accounting Office the service performed under the contract in the form of a statement, which is filed by the contractor with the postmaster at the port of departure and transmitted by the latter to the Postmaster General, who in turn passes that on to the General Accounting Office. This certification sets forth the amount of mail compensation estimated by the Post Office Department to have been earned under the contract. From that point on all financial transactions under the contract are in the hands of the General Accounting Office.

By the act of June 10, 1921, Congress created an establishment of the Government to be known as the General Accounting Office, which should be independent of the executive departments and under the control and direction of the Comptroller General of the United States.

The act referred to provided that there should be in the General Accounting Office a Comptroller General of the United States and an Assistant Comptroller General of the United States, who should be appointed by the President with the advice and consent of the Senate. These officers were to hold office for 15 years, and the Comptroller General was made ineligible for reappointment.

Section 305 of said act provided that all claims and demands whatever by the Government of the United States, or against it, and all acts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office.

Section 313 of said act expressly provided that the Comptroller General should specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

The law is clear that no payment can be made under any mail contract except by and through the General Accounting Office, which is under the control of the Comptroller General, whose express duty is to specially report to Congress any contract made in violation of law.

The fact is that the Comptroller General has not reported any mail contract as made in violation of law, but has consistently approved the payments under the contracts.

The constant charge of Senator McKELLAR that the mail contracts which have been let by the Postmaster General pursuant to the merchant marine act, 1928, are illegal is tantamount to a charge against the Comptroller General that he has failed to carry out the mandate of Congress in the administration of his office.

If the Senate adopts the amendments to the bill proposed by the Senator from Tennessee, it will in effect be charging a failure in his duty upon the Comptroller General. Certainly no evidence of any character had been produced either before the Appropriation Committee or before the Senate which justifies an action of that drastic character.

If the Senator has any evidence by which the legality of one of these contracts could be challenged, he should lay that evidence before the Comptroller General, whose duty it is to pass upon the

validity of the contract, and not ask the Senate to usurp the functions of the Comptroller General. Thus it is clear that there is no basis by which the Senate can justify the withholding of appropriations to carry out the contracts which the Comptroller General finds are valid unless Congress means by that action repudiation of contracts which have been made in good faith and carried out under the provisions of a law which was passed after great deliberation to aid in building up the American merchant marine.

There are instances too numerous to mention where the Comptroller General has withheld payments under many forms of contract where any question of illegality was involved and forced the claimants into the Court of Claims for a judicial determination of such contract. He can do the same in connection with any of the mail contracts if he deems them in any respect illegal.

Thus there already exists the machinery by which the validity of any contract can be tested in the courts, and the action withholding appropriations which is here proposed is not only unnecessary but nothing other than a direct repudiation of the contracts as an entirety.

Mr. BINGHAM. Mr. President, the amendment offered by the Senator from Tennessee will cause great rejoicing in London and in British shipping circles. They have been looking forward to this for some time with anticipatory hopes.

In the New York Times of January 27, 1933, Sir Harry Goschen, chairman of the National Provincial Bank of London, is reported to have said:

When the American people and Congress can be cured of the excessive nationalism that makes them compete with other people's shipping with vessels subsidized at the expense of the American taxpayer, a new day will have dawned for America.

"When the American people and Congress can be cured of the excessive nationalism that makes them compete with other people's shipping with vessels subsidized at the expense of the American taxpayer!" Certainly Mr. Harry Goschen, chairman of the National Provincial Bank, would be delighted if the amendment offered by the Senator from Tennessee, which would interfere with this subsidized competition, could be adopted.

In the New York Times for January 26 is a dispatch from London, from the special correspondent, in which it is said:

There is much satisfaction here because the beginning of Anglo-American debt discussions is appreciably nearer. In those discussions the British will be happy to include any or all of the economic troubles of the world, even such matters as shipping subsidies, which have aroused complaint among British shipowners.

Evidently we are getting ready to please our friends the British by destroying the shipping subsidies even before the conference meets, and will have nothing to trade with them in that regard. They had expected us to come trading, and they had expected us as a result of force to withdraw these subsidies, but my good friend from Tennessee is willing to meet them beforehand and withdraw the subsidies and please the British shipping interests right away.

In an article by Frederick William Wile, surveying the situation and the possible arrival in Washington in March of the special British envoys, he said that one of the matters which they are particularly anxious to discuss is merchant-marine matters, and that—

British shipping magnates have recently indulged in somewhat intemperate remonstrances against government assistance to United States shipowners.

Evidently the Senator from Tennessee has been listening to these same intemperate remonstrances against Government assistance to United States shipowners.

Our none too successful attempts to establish a merchant marine capable of offering genuine competition to British shipping are causing increasing concern in the British navigation world—

And to the Senator from Tennessee may I add. In the Liverpool Journal of Commerce annual review of January, 1933, W. L. Hichens said:

British shipowners and shipbuilders are suffering from two major evils to-day—one is economic nationalism and the other foreign subsidies to ships and shipping. Both are disastrous to a country whose home is on the sea, and both should be tackled vigorously. As regards the latter, it seems to me that subsidies are a form of economic warfare.

Evidently the Liverpool Journal of Commerce would likewise be delighted if the amendment offered by the Senator from Tennessee should be agreed to.

In the Daily Telegraph of London, December 22, 1932, is this article:

There is no dispute about the facts. Long experience had proved that American shipping was quite incapable of competing on level terms with that of other countries, and especially in this country, in the world's transport market. The statute passed to remedy this state of affairs—

I presume reference is made to the so-called Jones-White bill. We have just heard a most eloquent and forceful argument from one of the authors of that bill as to why that policy was wise which the Congress adopted then and which should be continued.

The statute passed to remedy this state of affairs proceeded frankly on the principle that to build up a great American merchant service was worth whatever it might cost the Nation. Where no large merchantman was built before the passage of that law, 50 had been built or laid down since and many more are projected. This is dumping in its purest form.

It is "dumping" for us to subsidize our shipping so it may compete with British shipping. Evidently the British would be delighted if this amendment were adopted.

It is difficult for some of us who have traveled in various parts of the world before the Jones-White Act was passed, and who regretted the absence of the American flag from nearly all ports of the world, to realize the truth of the statement made recently by the president of the United States Chamber of Commerce in an article on the American merchant marine, where he said that our shipping carried 35 per cent of American overseas trade in 1931, 37 per cent expressed in tonnage and 35 per cent expressed in value. He said:

That our policies are moderate and are operating to secure for American shipping only a very moderate share of our overseas trade is shown by the fact that in 1931 our shipping carried only 35 per cent of that trade expressed in value and 37 per cent expressed in tonnage.

He said further:

The United States is in the midst of application of its new and soundly established shipping policies. Under these policies the Government has practically eliminated itself from the shipping business, our essential trade routes are being efficiently maintained, and 42 vessels, totaling 463,000 gross tons, adapted to modern requirements, and costing \$156,000,000, have in the past five years been built in American yards, giving employment to labor and industry not only in the yards but also throughout the country for materials and equipment. The present business depression has now almost stopped the construction program and has thrown heavy burdens upon operators of shipping lines.

Mr. President, the Senator from Tennessee has called attention to the fact that we are paying what seemed to him ridiculous amounts of money for carrying very small quantities of mail. It is perfectly well known that the reason for giving these mail contracts is to permit lines to run under the American flag from American ports to foreign ports which had not been able to do so under previous conditions. That the act has been successful in causing the building of a large number of new vessels no one will deny. In our South American trade a few years ago, before the war and immediately after the war, our own vessels under the American flag going to South America were so poor that Americans themselves frequently crossed the North Atlantic to take vessels from England and France in going to Argentina and Brazil because they desired to travel on comfortable vessels. In going to South American ports they frequently traveled on German or British ships in order to have comfortable quarters on vessels. Due to this act and the granting of these subsidies, we now have vessels going to South America than which there are none better. Our trade with South America has steadily increased.

For us, in the midst of contracts granted in pursuance of that policy, to cause a destruction of the belief of our own people in the good faith of the United States Government and strike a blow at the American flag flying over the merchant marine carrying, as it does, American crews with American supplies, carrying American merchandise to foreign ports at rates that are reasonable and which would have to be far greater and probably destroy our business if the subsidies were not granted, seems to me an act of sheerest folly. Of course, it would please our cousins across the sea.

There is no doubt whatsoever that the London Times and these papers from which I have quoted would contain expressions of great approval from British shipping interests and shipbuilding interests that American competition, which now they are feeling extremely in overseas trade, would receive a body blow.

Mr. President, I hope the amendment offered by the Senator from Tennessee, which would give so much comfort to them and so much discouragement to our own people who are engaged in this business, will not prevail.

Mr. WALSH of Massachusetts. Mr. President, it is quite evident the proposal of the Senator from Tennessee [Mr. McKellar] has created a great stir among the advocates and supporters of the American merchant marine. At a convention held in this city recently, called the Sixth Annual Merchant Marine Conference, a committee was appointed to examine into the effect that this amendment would have upon the American merchant marine. They adopted resolutions. I want to read them for the consideration of the Senate.

I do not think it can fairly be said that all the representatives attending this conference were lacking in public interest and were controlled or influenced in their opinions by selfish motives. The statement of the committee is as follows:

Certain proposals now pending in Congress, if not properly considered, may very easily destroy the entire American merchant marine engaged in foreign trade, with a resultant loss of millions of dollars a year to American industry, agriculture, and labor.

The present American merchant fleet has been developed under definite laws of Congress, one of which is an act authorizing the Postmaster General to make ocean mail contracts with essential steamship lines as a Government aid to the establishment and maintenance of such lines. Forty-four mail contracts for 10-year periods have been made since 1928, when the act was passed.

Forty-four contracts have been made under an act of Congress.

They constitute the very foundation upon which the American overseas merchant marine exists. They were entered into as legal, binding contracts, ordered by Congress after a most careful, thoroughgoing, and painstaking investigation of every fact and phase of the question.

Under these contracts private shipowners have brought the American merchant fleet in foreign trade into splendid position, although no ship company is making any real profit at this time. Six hundred American-flag ships now operate on 70 regular lines in foreign trade, as against only 17 in 1914.

The Postmaster General, the Attorney General, and the Comptroller General of the United States, with the cooperation of the United States Shipping Board, each within his respective province, has passed upon these ocean mail contracts. If there is anything radically wrong with any particular contract, it could well and adequately be taken up for correction by the same or succeeding executive heads of these administrative institutions of the Government.

That resolution was adopted at the sixth annual meeting of a committee representing every part of the United States of America interested in the development of the American merchant marine.

Mr. FLETCHER. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. FLETCHER. I should like to interrupt the Senator from Massachusetts for just a moment at that point to say that, in addition to what the Senator states and what the telegram sets forth, at the last session of Congress the Committee on Post Offices and Post Roads was directed to investigate these very contracts, as a committee of the House was also directed to investigate them, and neither of those committees has made any report to Congress.

Mr. WALSH of Massachusetts. Have they found anything wrong?

Mr. FLETCHER. No; they have not up to this time.

Mr. WALSH of Massachusetts. Have they done nothing about the ocean mail contracts?

Mr. FLETCHER. I do not know how far they have gone. They have made no report, one way or the other; so we ought, it seems to me, in fairness, to wait for our own committees to report something wrong before we would be justified in taking such action as is now proposed.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Florida is a member of the Committee on Commerce, and I hope will be the next chairman of that committee when the present minority shall become the majority, as it soon will. That committee is, I understand, chiefly and mainly interested in shipping problems, and particularly in problems relating to the development of the American merchant marine.

Mr. FLETCHER. The Commerce Committee reported out the merchant marine bills in 1916, in 1920, and in 1928.

Mr. WALSH of Massachusetts. Certainly no man in this country who is living to-day—and I make no exception, though, of the distinguished Senator who recently passed away, representing in this body the State of Washington, were here, I would have to include him—certainly no man in this country, since I have been a Member of the Senate, has shown more sincere interest in the American merchant marine and has given more attention and profound study to the problem than has the distinguished Senator from Florida, who has just interrupted me.

Now, I ask the Senator from Florida if it was not the Committee on Commerce which recommended this method of promoting the American merchant marine, namely, by having the Government enter into this kind of ocean mail contract?

Mr. FLETCHER. Yes.

Mr. WALSH of Massachusetts. They did it in 1916, 1920, and 1928; such contracts have been entered into on the basis of laws recommended by that committee and enacted by the Congress. I ask the Senator this question: Is any member of the Committee on Commerce of the Senate in sympathy with the motion of the Senator from Tennessee?

Mr. FLETCHER. I do not know of any.

Mr. WALSH of Massachusetts. So we have the Committee on Commerce, interested in the merchant marine, responsible to a considerable degree for those contracts, familiar with the manner in which they are operating, and obliged in conscience to inform us if they think the policy they suggested in 1928 has proven unwise, standing against this motion and asserting—indirectly at least, if not positively—that the proposal of the Senator from Tennessee means a very serious blow to the American merchant marine.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from New York.

Mr. COPELAND. And more than that, may I say to the Senator, after the Commerce Committee formulated a policy which was brought to the Senate on three different occasions, in 1916, again in 1920, and again in 1928, the Senate, after due consideration, established the policy. In carrying out that policy we are not now doing anything different from what has been done heretofore.

Mr. WALSH of Massachusetts. If there is any fraud in these contracts, the next administration, which will take possession of the Government on March 4, may take steps to repudiate them. Is not that true?

Mr. COPELAND. That is true.

Mr. WALSH of Massachusetts. Mr. President, I have what might perhaps be termed some interesting testimony which I desire to present. I wish to be frank with the Senate. Representatives of the United Fruit Co., one of the largest coastwise steamship companies in the United States, operating steamships up and down the coast and to foreign ports, particularly to ports in the Caribbean Sea, called upon me. If it be permissible to say so of any capitalistic organization, I think I may say that the company referred to bears a favorable reputation among the steamship companies.

Representatives of this company expressed alarm over the proposal of the Senator from Tennessee. I frankly told the representative of the company that I was in favor of reducing the expenditures of the Federal Government; that I proposed to vote, so far as I could consistently do so, for reductions in various appropriations that would be submitted to the Senate, and I asked him to put in writing just

what the relationship of his company was to these contracts, what obligations his company had assumed, and what would be the effect upon it of the adoption of the pending motion.

I am going to read the statement which he prepared and presented to me:

On the strength of the ocean mail contracts entered into between the United Fruit Co. and the Postmaster General, the company has constructed six modern freight and passenger ships at a cost of over \$20,000,000.

I ask the Senator from Florida to challenge any of these statements, because I am not familiar with the facts, but I know he is.

Mr. McKELLAR. Mr. President, if the Senator will yield, may I ask to what company he is referring?

Mr. WALSH of Massachusetts. The United Fruit Co.

The statement continues:

These ships are now being operated on ocean mail routes 39 and 40. The mail pay to be received on these two routes during 10 years will not equalize the differential in cost between constructing these ships in foreign yards and operating them under the American flag instead of a foreign flag.

I inquire of the Senator from Florida is that a fair statement?

Mr. FLETCHER. I think it is.

Mr. WALSH of Massachusetts. I read further from the same statement:

The company has assumed an obligation to the Shipping Board of approximately \$15,000,000 as a part of the cost of constructing these ships, and there should be no reduction in the mail pay unless there is at least a corresponding reduction in the obligation which the company assumed to the Shipping Board.

In other words, I understand that in the building of these ships the mail contracts and the obligation to the Shipping Board for the money which the company borrowed with which to build the ships were correlated, and each contract had relationship to the other.

The Senator from Florida nods his head approvingly. So if we change these mail contracts, the assertion is made, as I gather from this statement, that we ought to change the contract this company has made with the Shipping Board. Is that a correct statement?

Mr. COPELAND. Yes; and let me say—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WALSH of Massachusetts. Yes.

Mr. COPELAND. Let me say that we have outstanding over a hundred million dollars of loans to shipping companies.

Mr. WALSH of Massachusetts. And those loans were based upon a rate of interest that had a relationship to the mail contracts of those companies?

Mr. COPELAND. The Senator is correct.

Mr. WALSH of Massachusetts. I proceed with the statement:

The fruit company built these ships only on the strength of the mail pay to be received, and it would be a gross injustice to cancel or reduce the mail pay and still leave the fruit company burdened with the large capital obligation involved in having constructed these ships.

I said to the representative of the company during the course of the conversation, "We are going to reduce the air mail contracts, and why should we not reduce these?" Here is the response he made to that inquiry:

Unlike an airship, an ocean-going ship of this type involves an expenditure of over three and a half million dollars each, and its life is 25 years. The ships would never have been built except for the mail pay.

Does anybody challenge the assertion that these ships never would have been built but for the mail contracts? I hear no contradiction.

Under present economic conditions, the loss involved in operating these ships is very large and, in addition to the capital and operating loss involved, the fruit company has had to tie up a much larger amount of American tonnage in order to keep these new mail-pay ships operating. It therefore also has to carry the cost of these laid-up ships.

There is the statement of that company. It is the statement of an interested party, and we have got to make allowances for it.

Mr. McKELLAR. Mr. President, when any concern is getting a subsidy from the Government, getting free money from the Government in these enormous sums, does not the Senator think it would get up some sort of excuse for holding on to it?

Mr. WALSH of Massachusetts. I should expect it to, but I have not taken its word. As I have read every paragraph of this statement, I have asked Senators of well-recognized personal integrity and of knowledge of this subject whether or not the facts stated in the statement were correct, and they have invariably vouched for all of these facts.

I now ask the Senator from Maine if this statement is a fair statement of the relationship that this and other companies have to the Federal Government as a result of these mail contracts.

Mr. WHITE. Absolutely so, Mr. President.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. WALSH of Massachusetts. I will take some time on the bill, if the Chair please.

Mr. WHITE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Maine?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WHITE. I did not hear the statement in what the Senator read, but it is an interesting fact in connection with the United Fruit Co. that when this legislation was passed the United Fruit Co. probably had between three and four times as much foreign tonnage as it had American tonnage in terms of investment. To-day the United Fruit Co. has invested in American ships probably three times as much as it has in foreign ships. Roughly, it has increased its American tonnage by 67 per cent since this law was passed, and it has increased its investment in American ships by approximately 770 per cent since this law was passed.

Mr. WALSH of Massachusetts. I am pleased to have the statement.

I personally know none of the officials of this company. I have no political affiliations with them; but I must say that they enjoy a very excellent reputation in the community where their headquarters is located.

Mr. President, I have long been a great believer in building up the American merchant marine. I have advocated treating the merchant marine as an auxiliary to our Navy. I have favored reductions in naval appropriations with the expectation and hope that those moneys would be used for building up our merchant marine so that in time of war our merchant marine would be available and useful as an auxiliary to our Navy. I feel that the motion of the Senator from Tennessee, while well intended, is a very serious blow at the American merchant marine, and I therefore can not support the motion.

I want to say, however, in connection with this subject and in connection with the contracts we discussed the other day relating to the air mail, that it is regrettable that there is a feeling—subtle, underneath—that there has been some favoritism, if not something worse than favoritism, in the making of these contracts.

No evidence has been presented to us of anything improper; but it is regrettable and it is a reflection, not upon these companies, the beneficiaries of these subsidies, but upon the public officials who make these contracts. It is an indirect imputation upon their integrity as public officials.

There is no evidence of that kind before us. There is evidence of the harm that the violation of these contracts might do to these shipping interests, and there is evidence in these documents that have been read that the new administration will have ample opportunity to find out if there is anything improper or wrong.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from Tennessee.

Mr. McKELLAR. As the Senator knows, the law requires that these contracts shall be let after very extensive advertising for bids, and shall be let to the lowest bidder, thereby attempting to secure competition in letting the contracts.

The Senator said there was no proof of anything wrong about the matter. Does the Senator consider the fact that in the case of 39 out of 44 contracts that have been let there has been no competitive bidding at all? The wording of the advertisement has brought about a condition by which only that one bidder can bid on that particular contract, thus doing away with competition and with the advertising that is necessary. Only 5 of the 44 contracts have been let on any kind of competitive bidding. Thirty-nine of the contracts show that they were let for one price to one bidder, and no other bids were asked.

Mr. WALSH of Massachusetts. I am not sufficiently familiar with that practice—

Mr. McKELLAR. Those are the facts.

Mr. WHITE. Mr. President—

Mr. WALSH of Massachusetts. I yield to the Senator from Maine to answer the question in my time.

Mr. WHITE. The Senator is speaking of the United Fruit Co. Let me take that for an illustration in answering the query.

The United Fruit Co. had three contracts. In one case there was two years between the time of calling for the bids and the beginning of the contract. In another case there was three years. In another case there was a matter of months only; but there was a provision in the advertisement that the contract should begin at such a time or at such later time as the Postmaster General might fix.

The reason why these bids are limited is generally because there is an established line upon the route for which bids are called for, and also—and this is particularly true in the case of this line running down from San Francisco—because of the obligation which is imposed to build new ships.

This third United Fruit Co. contract, which ran from San Francisco, and which, I take it, is the one the Senator from Tennessee referred to, called for the building of three ships at a cost of about three and a half million dollars each; and that is the reason why there were no additional bidders on that contract—not because of any limitation upon the right to compete in bids, but because of that obligation to spend between eleven and twelve million dollars in new construction.

Mr. WALSH of Massachusetts. I appreciate the Senator's explanation.

Mr. McKELLAR. Mr. President, if the Senator will allow me for just one moment, take the lines of the United Fruit Co. which have just been suggested: I think it was those lines—I am quite sure it was—where the advertisements provided that only concerns with ships having proper refrigeration space—now, mind you, refrigeration space—were allowed to bid. It just happened that that concern was the only shipping concern that had the space required in the advertisement, and therefore no other bidder could bid on that contract.

Mr. WALSH of Massachusetts. What does the Senator from Maine say in answer to that?

Mr. WHITE. Mr. President, the answer to that is that we have 42 refrigerator ships of a total of about 215,000 or 220,000 tons, the owner of any one of which might, if he had seen fit, have bid on this advertisement and have assumed that obligation to spend between eleven and twelve million dollars.

Mr. WALSH of Massachusetts. Mr. President, I want to close by asking the Senator from Florida a question, and through him the Senator from Tennessee.

I understood the Senator from Florida to say to me a moment ago that a committee of the Senate had been appointed to investigate these contracts a year ago. Who is on that committee?

Mr. FLETCHER. It is the Committee on Post Offices and Post Roads.

Mr. WALSH of Massachusetts. That is a committee of which the Senator from Tennessee [Mr. McKellar] is a member. Now, I ask the Senator from Tennessee, having for a year the authority of the Senate to investigate these contracts, what evidence has he that they are fraudulent or improper?

Mr. McKellar. There are two sets of contracts that have been brought forward by that committee. My good friend the Senator from Nevada [Mr. Oddie] is the chairman of that committee, and he has never been willing to call it together. Therefore, we have been precluded from making a further examination than was made by an agent whom we employed for that purpose. The result of it is found in this book of contracts, and the facts that have been adduced therein. I was in a minority on the committee, and, of course, could not control it.

Mr. WALSH of Massachusetts. Mr. President, much as I admire the Senator from Tennessee and commend his motives in proposing these reductions, I have concluded that I must follow the unanimous sentiment of the Committee on Commerce of this body, which committee is specially designated to promote and protect the merchant marine of America; and in view of their unanimous opinion that the adoption of this motion would result in grave harm to the American merchant marine, I must oppose the motion.

I yield the floor.

Mr. ODDIE. Mr. President, I should like to state to the Senator from Massachusetts and to the Senator from Tennessee, in reference to the questions and answers regarding the investigation, that the subcommittee of the Senate Appropriations Committee having charge of these appropriations covering the ocean mail had very extensive hearings last year. Those hearings were printed and filled a volume of something like 1,200 pages. The Senator from Tennessee had the opportunity, and availed himself of it, of closely questioning every shipping official who came before us, and a great many came before us. He questioned the officials of the Shipping Board and other Government officials. I refer the Senate to that set of hearings. They are very complete.

Then, in addition, the Senator from Massachusetts spoke of the legality or illegality of these contracts. I want to refer to a statement that has been previously referred to, in which it is shown what are the duties of the Comptroller General.

Section 505 of the act provides that all claims and demands whatever by the Government of the United States or against it, and all acts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office.

Section 313 of the act expressly provides that the Comptroller General shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

The law is clear that no payment can be made under any mail contract except by and through the General Accounting Office, which is under the control of the Comptroller General, whose express duty is specially to report to Congress any contract made in violation of law.

The fact is that the Comptroller General has not reported any mail contract as made in violation of law but has consistently approved the payments under the contracts.

Mr. BANKHEAD. Mr. President, it is not my purpose to enter into a discussion of the political philosophy involved in the policy of granting subsidies to shipping. Personally, I am opposed to that principle; and if this matter should come here as an original proposition, I should without hesitation record my vote against any subsidy for the maintenance of shipping, especially at this time.

I am confronted here, however, with the question not of the exercise of judgment or discretion in the matter of embarking upon or maintaining a principle of government, but whether or not we can adopt the amendment of the Senator from Tennessee [Mr. McKellar] without violating contracts entered into by the Government.

I am sure that all of us are very reluctant to cast a vote which has even the reasonable appearance of violating any obligation entered into by our Government. It is unnecessary to recall the denunciations that have recently been made here upon the floor of the Senate of actions by other countries in the matter of refusing to carry out their obligations. So, believing that we are all in accord upon that subject, the question is whether or not the amendment of the Senator from Tennessee will and does involve a violation of these shipping contracts.

I have not had the opportunity—and I have had no real interest in the subject—to make an examination of all of these contracts.

I have not been upon the committee. The question has arisen here, since this amendment came up for discussion on the floor. I have taken occasion to examine at least one of these contracts, that for the Waterman Steamship Co., operating out of Mobile. I am perfectly clear in my judgment, Mr. President, as a lawyer, that this amendment, or any other proposition which would reduce or change the provisions of that contract, without the consent of both of the contracting parties, would be a violation of the agreement. In my humble judgment, any lawyer upon this floor who will take the time to examine that contract will agree with that expression of opinion.

There may be some of the other contracts which can be changed without the consent of one of the contracting parties, but I can find nothing whatever in this contract that would justify Congress in doing that, except through the exercise of its arbitrary power, and not in accordance with any provision in the contract.

Briefly, this contract, after setting out the ports of call, says:

The contractor is to be permitted to omit any port—

The Government has no right to require the contractor to omit any port, but—

The contractor is to be permitted to omit any port or ports on each branch of the route, and with the approval of the Post Office Department may combine on one trip ports on different branches of the route, on a schedule approved by the Postmaster General, that shall include not less than 52 nor more than 72 trips per annum on the three branches of the route * * * the number of intermediate trips that shall be made between 52 and 72 per annum to be at contractor's option subject to the provisions of this contract.

Then it is further provided:

In consideration of the faithful performance of the services and undertakings herein specified and upon receipt of satisfactory evidence thereof by the Postmaster General, the United States agrees to pay to the said contractor monthly, and as soon after the close of each month as accounts can be adjusted and settled, compensation based upon the mileage on the outbound voyages by the shortest practicable route between the ports specifically stated herein, for vessels of the classes authorized, or that may be authorized, at the following rates.

The only provision authorizing a change in this contract—and I speak of none of the others, because I have not examined them—is that upon the agreement of the Postmaster General and the contractor the rates of pay stipulated herein may be changed to accord with any law or laws which may hereafter be enacted by Congress. There is no authorization in the contract for shortening a route, for decreasing the number of routes, or reducing the pay, except by agreement of the parties.

The minimum is 52, and 72 is the maximum. The amendment of the Senator from Tennessee would cut the appropriation 50 per cent, which if uniformly applied to these contracts would require a reduction in pay of 50 per cent of all of them. It is impossible even if we reduce this contract to the minimum number of ships to bring the compensation under the contract down to 50 per cent of that required.

I submit, Mr. President, without taking further time at this late hour, that, notwithstanding my views upon the question of subsidies, notwithstanding my anxiety to reduce appropriations, I can not support this amendment. I have a consistent record upon that subject since I have first come

to the Senate. I have voted for every proposed reduction in appropriations that has been tendered upon this floor. I have voted against every proposed increase in appropriations that has been tendered. I have appealed to my colleagues who are in charge of matters to make the reductions, except in the matter of salaries, much larger than they have been made. So it is not a question of my attitude upon the question of reduction in the costs of government. It is only a question of whether or not we can attempt the exercise of reductions at a dangerous point which would involve in its execution a charge that the Government has not been faithful in the performance of its contracts; and, rather than do that, I am obliged to go on record in this case as casting my first vote since I have been in the Senate against a proposed reduction in appropriations.

I followed the leadership of my friend the Senator from Tennessee. I have been at his beck and call on all of these proposed reductions, and I would be happy if my friend and leader in the cause of economy would not press this proposition, which does violence to the consciences of at least some of us upon the subject of the duty of our Government to resolve doubts even in favor of the performance—the literal and full and complete performance—of its contracts, whether those contracts were justified in our judgment at the time of their making or not.

Mr. COPELAND obtained the floor.

Mr. ODDIE. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. ODDIE. I ask the Senator whether he wants to continue to-night, or whether he would be willing that the Senate take a recess now and he continue to-morrow?

Mr. COPELAND. As far as I am concerned, Mr. President, I should welcome a recess.

RECESS

Mr. ODDIE. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 9 o'clock and 52 minutes p. m.) took a recess until to-morrow, Saturday, February 4, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 3 (legislative day of January 10), 1933

MEMBERS OF THE FEDERAL RADIO COMMISSION

John C. Jensen, of Nebraska, to be a member of the Federal Radio Commission for the unexpired portion of the term of six years from February 24, 1930, vice Charles McK. Saltzman, resigned.

Eugene O. Sykes, of Mississippi, to be a member of the Federal Radio Commission for a term of six years from February 24, 1933. (Reappointment.)

COLLECTOR OF INTERNAL REVENUE

Frederick W. Kavanaugh, of Waterford, N. Y., to be collector of internal revenue for the fourteenth district of New York, in place of Cyrus Durey, deceased.

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lieut. Col. Milton Garfield Holliday, Quartermaster Corps, from February 1, 1933.

To be lieutenant colonels

Maj. Robert Coker, Air Corps, from February 1, 1933.

Maj. Rufus Foote Maddux, Chemical Warfare Service, from February 1, 1933.

To be majors

Capt. Alexander Hunkins Campbell, Coast Artillery Corps, from February 1, 1933.

Capt. David Sheridan Rumbough, Field Artillery, from February 1, 1933.

Capt. Francis John Heraty, Infantry, from February 1, 1933.

Capt. Marvil Groves Armstrong, Coast Artillery Corps, from February 1, 1933.

To be captains

First Lieut. Ray Eric Cavenee, Infantry, from February 1, 1933.

First Lieut. Wade Darragh Killen, Infantry, from February 1, 1933.

First Lieut. Andrew Jackson Schriver, jr., Infantry, from February 1, 1933.

First Lieut. Frank James Lawrence, Infantry, from February 1, 1933.

First Lieut. Dorrance Scott Roysdon, Infantry, from February 1, 1933.

First Lieut. Hyatt Floyd Newell, Infantry, from February 1, 1933.

First Lieut. John Easton McCammon, Infantry, from February 1, 1933.

First Lieut. Cornelius John Kenney, Air Corps, from February 1, 1933.

To be first lieutenants

Second Lieut. Laurence Sherman Kuter, Air Corps, from January 25, 1933.

Second Lieut. William Perry Pence, Signal Corps, from January 28, 1933.

Second Lieut. Thomas Morgan Watlington, jr., Field Artillery, from February 1, 1933.

Second Lieut. William Lewis McNamee, Coast Artillery Corps, from February 1, 1933.

Second Lieut. Thomas John Hall Trapnell, Cavalry, from February 1, 1933.

Second Lieut. John Raymond Lovell, Coast Artillery Corps, from February 1, 1933.

Second Lieut. Raymond Wiley Curtis, Cavalry, from February 1, 1933.

Second Lieut. Kenneth Earl Thiebaud, Infantry, from February 1, 1933.

Second Lieut. Reynolds Condon, Field Artillery, from February 1, 1933.

Second Lieut. Charles Brundy Brown, Signal Corps, from February 1, 1933.

Second Lieut. Edward Gilbert Farrand, Field Artillery, from February 1, 1933.

Second Lieut. Mason Fred Stober, Field Artillery, from February 1, 1933.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 3, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou hast taught us to pray, assuring us that it is the pathway to power and that the life built on prayer can not fail. Hearken, merciful Father, let us reach that altitude of faith in which all things work together for good to them that love God. Unlock every dark experience and disclose within it riches of unsearchable value. Be our savior by strengthening our powers of resistance, by giving us courage, vitality, and energizing our life forces. We beseech Thee, especially, be a force to mold our characters, that sets our ideas in order and that controls our conduct. Unite us in hand, mind, and heart with our brother man; may we be one with him in his toil, joy, and sorrow. In the work of to-day endow us with steady persistence, with passionate enthusiasm, and with moral and spiritual power that we may do good in Thy sight and serve wisely our country. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 13959. An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding

\$100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes.

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

The SPEAKER. On yesterday the House ordered a roll-call vote on what is known as the Bankhead amendment. Without objection, the Clerk will report the amendment.

The Clerk read as follows:

Page 22, line 8, strike out "\$500,000" and insert in lieu thereof "\$801,416."

The SPEAKER. The Clerk will call the roll.

The question was taken; and there were—yeas 165, nays 181, answered "present" 1, not voting 79, as follows:

[Roll No. 154]

YEAS—165

Amlie	Disney	Knutson	Ramspeck
Andresen	Drane	Kunz	Rayburn
Arnold	Drewry	Kvale	Reid, Ill.
Auf der Heide	Driver	LaGuardia	Reilly
Bankhead	Eslick	Lea	Rogers, N. H.
Barbour	Estep	Lewis	Romjue
Barton	Evans, Mont.	Lichtenwalner	Rudd
Beam	Fernandez	Loneragan	Sabath
Black	Fishburne	Loofbrow	Sanders, Tex.
Bland	Fitzpatrick	McCormack	Sandlin
Bloom	Flannagan	McDuffie	Schafer
Boileau	Flood	McFadden	Schneider
Boland	French	McMillan	Seiberling
Boylan	Fuller	McReynolds	Selvig
Briggs	Gambrill	Maas	Shannon
Browning	Gilchrist	Maloney	Sinclair
Brunner	Gillen	Mapes	Smith, Va.
Bulwinkle	Goldsborough	May	Smith, W. Va.
Burtness	Goodwin	Mead	Somers, N. Y.
Cable	Granfield	Milligan	Spence
Canfield	Greenwood	Mouser	Steagall
Cannon	Gregory	Nelson, Me.	Summers, Wash.
Carley	Griffin	Nelson, Mo.	Sutphin
Carter, Wyo.	Hadley	Nelson, Wis.	Sweeney
Chapman	Hare	Nolan	Swing
Chavez	Hill, Ala.	Norton, Nebr.	Taylor, Tenn.
Christgau	Hill, Wash.	Norton, N. J.	Thomason
Clark, N. C.	Hope	O'Connor	Vinson, Ky.
Cochran, Mo.	Horr	Oliver, Ala.	Warren
Collins	Howard	Owen	Welch
Condon	Hull, Morton D.	Parsons	Williams, Mo.
Connery	Jacobson	Partridge	Williams, Tex.
Cooper, Tenn.	James	Patterson	Wilson
Crall	Jeffers	Peavey	Wingo
Crosser	Johnson, Mo.	Perkins	Withrow
Cullen	Johnson, S. Dak.	Person	Woodruff
Davenport	Kading	Pittenger	Woodrum
Davis, Tenn.	Keller	Pou	Wright
Delaney	Kelly, Pa.	Prall	Yon
DeRouen	Kemp	Ragon	
Dickinson	Kerr	Rainey	
Dieterich	Kleberg	Ramseyer	

NAYS—181

Adkins	Davis, Pa.	Holaday	Montet
Allen	De Priest	Holmes	Moore, Ky.
Allgood	Dies	Hooper	Moore, Ohio
Almon	Doutrich	Hopkins	Morehead
Andrew, Mass.	Dowell	Huddleston	Murphy
Arentz	Doxey	Jenkins	Niedringhaus
Bachmann	Dyer	Johnson, Okla.	Palmisano
Bacon	Eaton, Colo.	Johnson, Tex.	Parker, Ga.
Beedy	Eaton, N. J.	Jones	Parker, N. Y.
Biddle	Ellzey	Kahn	Parks
Blanton	Englebright	Kennedy, Md.	Patman
Boehne	Erk	Ketcham	Pettengill
Bohn	Evans, Calif.	Kinzer	Polk
Bolton	Fiesinger	Kniffin	Pratt, Harcourt J.
Bowman	Fish	Kopp	Pratt, Ruth
Britten	Foss	Kurtz	Purnell
Brumm	Fulbright	Lambertson	Rankin
Buchanan	Fulmer	Lamneck	Ransley
Busby	Garber	Lanham	Reed, N. Y.
Campbell, Iowa	Gavagan	Lankford, Ga.	Rich
Campbell, Pa.	Gibson	Lankford, Va.	Robinson
Carden	Gifford	Larrabee	Rogers, Mass.
Carter, Calif.	Gilbert	Leavitt	Sanders, N. Y.
Cartwright	Glover	Lovette	Seger
Cary	Goss	Luce	Shallenberger
Castellow	Griswold	Ludlow	Simmons
Cavichia	Guyer	McClintic, Okla.	Snell
Chindblom	Haines	McClintock, Ohio	Sparks
Christopherson	Hall, Ill.	McKeown	Stafford
Clancy	Hancock, N. Y.	McSwain	Stalker
Clarke, N. Y.	Hancock, N. C.	Magrady	Stokes
Cole, Iowa	Hardy	Major	Strong, Kans.
Cole, Md.	Harlan	Mansfield	Strong, Pa.
Colton	Hastings	Martin, Mass.	Stull
Cox	Haugen	Martin, Oreg.	Swank
Coyle	Hawley	Michener	Swanson
Cross	Hess	Millard	Swick
Crowe	Hoch	Miller	Taber
Crowther	Hogg, Ind.	Mitchell	Tarver
Darrow	Hogg, W. Va.	Montague	Taylor, Colo.

Temple
Thatcher
Thurston
Timberlake
Tinkham
Treadway

Turpin
Underhill
Vinson, Ga.
Wason
Watson
Weeks

West
White
Whitley
Whittington
Williamson
Wolcott

Wood, Ga.
Wood, Ind.
Wyant

ANSWERED "PRESENT"—1

Frear

NOT VOTING—79

Abernethy	Cooke	Hartley	Overton
Aldrich	Cooper, Ohio	Hollister	Schuetz
Andrews, N. Y.	Corning	Hornor	Shott
Ayres	Crump	Houston, Del.	Shreve
Bacharach	Culkin	Hull, William E.	Sirovich
Baldrige	Curry	Igoe	Smith, Idaho
Beck	Dickstein	Johnson, Ill.	Snow
Brand, Ga.	Dominick	Johnson, Wash.	Stevenson
Brand, Ohio	Doughton	Kelly, Ill.	Sullivan, N. Y.
Buckbee	Douglas, Ariz.	Kennedy, N. Y.	Sullivan, Pa.
Burch	Douglass, Mass.	Lambeth	Summers, Tex.
Burdick	Finley	Larsen	Tierney
Byrns	Free	Lehlbach	Underwood
Celler	Freeman	Lindsay	Weaver
Chase	Gasque	Lozier	Wigglesworth
Chipperfield	Golder	McGugin	Wolfenden
Clague	Green	McLeod	Wolverton
Cochran, Pa.	Hall, Miss.	Manlove	Yates
Collier	Hall, N. Dak.	Mobley	
Connolly	Hart	Oliver, N. Y.	

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Weaver (for) with Mr. Hollister (against).
Mr. Lindsey (for) with Mr. Wolfenden (against).
Mr. Burch (for) with Mr. Wolverton (against).
Mr. Sullivan of New York (for) with Mr. Bacharach (against).
Mr. Douglas of Arizona (for) with Mr. Hartley (against).
Mr. Kelly of Illinois (for) with Mr. Smith of Idaho (against).
Mr. Igoe (for) with Mr. Buckbee (against).
Mr. Stewart (for) with Mr. Culkin (against).
Mr. Sirovich (for) with Mr. McLeod (against).
Mr. Clague (for) with Mr. Shreve (against).
Mr. Hall of North Dakota (for) with Mr. Chipperfield (against).
Mr. Frear (for) with Mr. Beck (against).
Mr. Collier (for) with Mr. Connolly (against).
Mr. Dickstein (for) with Mr. Lehlbach (against).

Until further notice:

Mr. Ayres with Mr. Andrews of New York.
Mr. Byrns with Mr. McGugin.
Mr. Lozier with Mr. Cochran of Pennsylvania.
Mr. Schuetz with Mr. Wigglesworth.
Mr. Lambeth with Mr. Burdick.
Mr. Kennedy of New York with Mr. Cooper of Ohio.
Mr. Doughton with Mr. Golder.
Mr. Gasque with Mr. Shott.
Mr. Douglass of Massachusetts with Mr. Aldrich.
Mr. Underwood with Mr. Johnson of Washington.
Mr. Hart with Mr. Manlove.
Mr. Oliver of New York with Mr. Sullivan of Pennsylvania.
Mr. Abernethy with Mr. Yates.
Mr. Celler with Mr. Brand of Ohio.
Mr. Green with Mr. Snow.
Mr. Crump with Mr. William E. Hull.
Mr. Overton with Mr. Baldrige.
Mr. Hornor with Mr. Houston.
Mr. Stevenson with Mr. Free.
Mr. Mobley with Mr. Chase.
Mr. Brand of Georgia with Mr. Freeman.
Mr. Corning with Mr. Johnson of Illinois.
Mr. Larsen with Mr. Curry.
Mr. Tierney with Mr. Cooke.
Mr. Sumners of Texas with Mr. Finley.
Mr. Dominick with Mr. Hall of Mississippi.

Mr. BACHMANN. Mr. Speaker, the following Members, if present, would have voted against the amendment:

Mr. BALDRIGE, Mr. FINLEY, Mr. WILLIAM E. HULL, Mr. COOKE, Mr. SHOTT, Mr. GOLDER, Mr. ANDREWS of New York, and Mr. FREEMAN.

Mr. FREAR. Mr. Speaker, I am paired with the gentleman from Pennsylvania, Mr. Beck. If he were present, he would vote "no," and as I would vote "aye," I have answered "present."

Mr. COCHRAN of Pennsylvania. Mr. Speaker, I was necessarily detained at the time my name was called. If permitted to vote, I would vote "no."

The SPEAKER. The gentleman does not qualify.

Mr. COLLIER. Mr. Speaker, I would like to vote.

The SPEAKER. Was the gentleman in the Chamber, listening when his name was called?

Mr. COLLIER. I was not. If permitted to vote, I would vote "aye."

The SPEAKER. The gentleman does not qualify.

Mr. WOODRUM. Mr. Speaker, the gentleman from Arizona, Mr. DOUGLAS, is necessarily absent. If present, he would vote "aye."

Mr. GOSS. Mr. Speaker, the gentleman from New Jersey, Mr. HARTLEY, is unavoidably absent. He has requested me to announce that if he were present he would vote "no."

The result of the vote was announced as above recorded. The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. WOODRUM, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the Clerk may be authorized to correct the totals in the bill.

The SPEAKER. Is there objection?

There was no objection.

DAVID S. BARRY

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. LaGUARDIA. Mr. Speaker, I would not have taken the time of the House, but I want to register a protest which I believe will meet with the approval of the membership of this House.

I have with me the February number of the New Outlook. I have the highest regard for the editor of the New Outlook, Gov. Alfred E. Smith. I have the highest regard for the publisher of the New Outlook, Mr. Frank A. Tichenor, who is a close personal friend of mine; but there is an article in this issue which I believe, without any justification or warrant, reflects upon the honor of the membership of this House. I shall not refer to the other body, as I assume they will be able to take care of themselves.

I only read five lines from an article entitled "Over the Hill to Demagoguery." The article opens in this way:

Contrary, perhaps, to the popular belief, there are not many crooks in Congress; that is, out-and-out grafters, or those who are willing to be such. There are not many Senators or Representatives who sell their votes for money, and it is pretty well known who those few are.

Now, Mr. Speaker, I submit that a blanket statement of this kind—

Mr. BLANTON. Who wrote that kind of a lie?

Mr. LaGUARDIA. Is a reflection upon a body of hard-working men and women who, I believe, represent a splendid cross section of the American people.

Mr. O'CONNOR. Will the gentleman make it clear who is the author of the article?

Mr. LaGUARDIA. I am coming to that.

If the author of the article has this knowledge which he states—that there are any, or even one, who take money for their votes—and he knows them, I say that he ought to be compelled to make public the names and prove his statement.

Mr. Speaker, it so happens that the author of this article can be compelled to divulge the source of his information or made to admit he had no justification for his statement. He is not an officer of this body but he is an officer of the body across the Capitol. The author is David S. Barry, Sergeant at Arms of the United States Senate, and I call upon Mr. Barry to make good or to retract the statement and then apologize to this House. [Applause.]

LEGISLATIVE APPROPRIATION BILL, FISCAL YEAR 1934

Mr. SANDLIN, from the Committee on Appropriations, reported the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes (Rept. No. 1960), which was referred to the Union Calendar and ordered printed.

Mr. HOLADAY reserved all points of order on the bill.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, and I

ask unanimous consent that the statement may be read in lieu of the report.

Mr. SNELL. Reserving the right to object, there is very little difference in the length of the report and the statement, and there is something important in section 3, and I think the report itself should be read.

The SPEAKER. The Clerk will read the report.

The Clerk read the report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"SEC. 3. In so far as cotton is delivered to relief agencies by the Cotton Stabilization Corporation under this act the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the cotton delivered hereunder, less the current market value of the cotton delivered, and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this act the unexpended balance of appropriations made for carrying out the provisions of the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress,' approved July 5, 1932, is authorized to be made immediately available, and, in addition, the sum of \$4,100,000 is authorized to be appropriated and made immediately available, to the Federal Farm Board to be used solely for the following purposes: For advancing to such corporation amounts to repay loans held by commercial or intermediate-credit banks against cotton which would be released for donations under this act and to retire all storage and carrying charges against cotton, including compression charges, at the time of the approval of this act; and for meeting carrying and handling charges, and interest payments on commercial or intermediate-credit bank loans, on or against cotton which would be released for donations under this act between the date of its approval and the delivery of the cotton to the American National Red Cross or other organization. Any additional amounts necessary for such purposes shall be paid from the revolving fund established by the agricultural marketing act."

And the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,

Managers on the part of the House.

CHAS. L. McNARY,
G. W. NORRIS,
E. D. SMITH,

Managers on the part of the Senate.

Mr. JONES. Mr. Speaker, there are certain commercial liens against this cotton aggregating \$25 per bale. There are in addition storage, interest, and compression charges.

The House measure originally authorized an appropriation of sufficient funds to pay these charges, and specified that the fund should be used for no other purpose. The original Senate amendment authorized an appropriation covering the net market value of the cotton.

The discussion in the Senate would not indicate that. In fact, some Members of that body claim that their provision did not authorize any appropriations. In that claim they are manifestly mistaken. As proof I want to read just a sentence from the amendment.

SEC. 3. There is hereby authorized to be appropriated for credit to the revolving fund established by the agricultural marketing act an amount equal to the current market value of all cotton delivered to relief agencies under this act.

If that does not authorize an appropriation, I am a wooden Indian. It would have appropriated not only the payment of the liens but would have given the Farm Board the net value of the cotton, which would be more than the liens.

The conference report authorizes the payment of simply the commercial liens, and directs the Farm Board to pay any additional charges out of the revolving fund.

That appropriation is made up in this fashion: It authorizes the use of the unexpended balance of the appropriation made under the wheat and cotton distribution of last summer. It also authorizes a new appropriation of \$4,100,000. The Farm Board has \$33,000,000 in its revolving fund, but it has commitments of \$31,000,000, so the only way to get the cotton, as a practical matter, is to pay off at least the commercial charges.

Mr. SNELL. Perhaps I may have misunderstood, but I understood at the time that there was no new appropriation involved, that we were merely turning over to the Red Cross the cotton that the Farm Board owned.

Mr. JONES. No new appropriation for the Farm Board, but there was an authorization of a new appropriation to pay off the commercial liens.

Mr. SNELL. There is to be \$4,100,000 to be taken out of the Treasury. That was not given to the House when we passed the original act.

Mr. JONES. Oh, yes; that was explained—the provision was in the original act. The facts were brought out by questions on the part of the gentleman from Wisconsin and others. I am sure the gentleman will find that that is true if he reads the RECORD.

Mr. SNELL. I did not understand that there was anything to be taken out of the Treasury at that time. I want it made clear that we have to pay \$4,000,000-plus, so that this does not come without expense to the Federal Government at the present time.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. HARE. As I understand it, this act originally provided that this cotton should be turned over to the Red Cross, to be turned over to manufacturers, in order to give employment to the unemployed, and that then the product should be turned over to those people who may be in distress or naked. Was that the purpose?

Mr. JONES. That is the purpose of the act; and in further answer I may say that under the other provision for Red Cross cotton, 4,000,000 families were given relief and a great many of the unemployed were given work. A great many mills were able to operate, and they operated without a cent of profit. I will be glad to have anyone who is interested go to the committee rooms of the Committee on Agriculture and see the thirty-odd garments that were made by the New York unit, and that are on display there. Several hundred thousand of those garments, many of them costing only a few cents, and yet very valuable for the purposes intended, were used in this distribution.

Mr. HARE. And in addition to that the Red Cross was permitted, instead of turning it over to the manufacturers to be manufactured into cloth, to exchange it with the manufacturer for cloth already manufactured?

Mr. JONES. That enabled them sometimes to avoid the payment of freight, by the exchange of one for the other, but in every instance it was done without profit, and I say to the gentleman that much of the work was done without pay. These relief organizations distributed without compensation. For instance, in New York they used unemployed needleworkers, and thus they traded their work for supplies.

Mr. HARE. And that leads me to this other question. After the cotton was turned over to the Red Cross and given to the manufacturers in exchange for cloth, I am reliably informed the manufacturer then designated the Red Cross as its agent, and gave the Red Cross power of attorney to sell the cotton in its hands upon the markets of the world. I have in my mail this morning copy of a telegram from the Red Cross to an exporter offering to sell 500 bales at a price, I am told, at \$2.85 per bale less than the market price.

Mr. JONES. I think the gentleman is excited. As a matter of fact, under the practical handling they used the cotton only in exchange. They might have sold and bought cotton goods, but they used in effect the total amount of goods which used up the amount of cotton. It might not have been the exact cotton, but it was the same amount of cotton. The Congress can not administer it. We have to trust somebody, and I think the Red Cross has done a magnificent piece of work.

Mr. HARE. I want to say to the gentleman from Texas [Mr. JONES] that I am not excited but deeply interested. The Red Cross tells me this morning that it is offering this cotton for sale to exporters. I do not charge it is in violation of the law, but it is certainly not in keeping with the spirit of the law.

Mr. JONES. Certainly, if they are using cotton and making cotton goods and distributing them in this country and exporting the actual cotton, the gentleman ought not to complain. In either event the actual amount of cotton is used up and that is an advantage to the market.

Mr. HARE. The point I make is this, that they are selling it to exporters at \$2.85 a bale less than the market price.

Mr. JONES. I think that must be a mistake. I am sure they would not dispose of it for less than they are offered in the open market.

Mr. HARE. I want to know whether there is anything in this bill to prevent the further sale of cotton in the manner indicated.

Mr. JONES. They have given me different information. Naturally, they would want to get as favorable results as possible. That has been the history of all their transactions. I am sure if the gentleman will check up on his information he will be satisfied with the good faith of these operations.

Mr. HARE. You will understand I am not charging bad faith, but emphasizing only what seems to be a bad practice.

Now, in order to be more specific and make myself clear, although it will be necessary to repeat to some extent, let me say that if I understand this legislation correctly the Congress provided that as much as 500,000 bales of cotton in the hands of the Farm Board be turned over to the Red Cross to furnish clothing for people who may be in need or distress. The undertaking was planned to serve two purposes: First, the cotton was to be turned over to manufacturers to be made into cloth, and thereby give employment to the unemployed. In the second place, the cloth made was to be converted into clothing or turned over direct to those entitled to same.

I trust I may be mistaken in some of the facts reported to me, but I understand that instead of having manufacturers to start their mills, in some cases, the Red Cross simply contracted to exchange the cotton for so much cloth; and I am advised that in some instances, instead of delivering the cotton to the manufacturer, the Red Cross agreed to become sales agent for such manufacturers and proceeded to offer the cotton in its hands to brokers engaged in export.

In other words, the Farm Board had, we will say, 500,000 bales of cotton on hand and out of the channels of trade; but in order to get it where it would no longer be considered available for marketing, Congress proceeded to turn it over to the Red Cross to have it manufactured and the cloth distributed among the poor, but instead of doing this the Red Cross bought goods from manufacturers and placed the cotton on the market for export; that is, instead of decreasing the amount of cotton available for export, as contemplated by Congress, the Red Cross by its action has

actually taken cotton out of the hands of the Farm Board and placed it on the market in competition with cotton in the hands of the farmer or warehouseman.

I am in receipt of a letter this morning from a cotton broker, inclosing a copy of a telegram from the Red Cross offering 500 bales of cotton to an exporter of the same city, as the broker says, at \$2.85 per bale less than the market price. It is alleged that when a sale of this kind is made the broker who buys the cotton sells an equivalent amount on the exchange, and results in what the brokers refer to in their daily reports as "Southern selling" of cotton.

I do not wish to be misunderstood and be placed in a position as protesting against an action of Congress in its effort to relieve suffering humanity by furnishing cloth to people who are in actual want and distress; but I am emphasizing the point that in the actual operation the Red Cross is not carrying out the spirit of the law, for such operation, if engaged in to any extent, will in a large measure fail to accomplish the purpose Congress intended. In the first instance, where the cotton is exchanged for cloth instead of having it manufactured, the unemployment situation is not relieved; and, in the second place, where the Red Cross becomes the sales agent for the manufacturer and places cotton on the market that was formerly out of the channels of trade, such action not only increases the competition with cotton in the hands of the producer but when, as a result of poor salesmanship, the cotton is offered for \$2.85 per bale below the market price, there is no doubt but what the price of cotton will be reflected to that extent, particularly if any appreciable amount of the 500,000 bales are marketed in this way. Permit me to say that I do not know what proportion of the cotton has been sold in the manner indicated, but the charge was made in the letter referred to; and in a conversation over the telephone with representatives of the Red Cross, the report was verified. That is, the policy followed was verified.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. CHINDBLOM. Referring to the remarks of the gentleman from New York [Mr. SNELL] with reference to the appropriation, directly authorized, of \$4,100,000, it is a fact, is it not, that the other \$4,500,000 to be taken out of the revolving fund is also in the nature of an appropriation by the Federal Government.

Mr. JONES. Of course, and this and previous appropriations they have made out of the revolving fund all come out of the Treasury of the United States.

Mr. CHINDBLOM. And as a matter of fact the total cost to the Government is the entire amount which the Farm Board paid for this cotton when it was purchased.

Mr. JONES. No; the Government only has \$4,100,000 new appropriation, and the Farm Board advises that the value of the cotton was \$32.50 per bale, so that there is a considerable equity in it that the Farm Board would be able to use by selling the cotton and paying off the liens itself.

Mr. CHINDBLOM. That is the point I make—that the entire value of the cotton is a donation by the United States.

Mr. JONES. Yes.

Mr. LaGUARDIA. And this appropriation was made by the Congress to relieve the cotton market, and the cotton market was relieved by these 700,000 bales. The Government had these bales of cotton on hand, and they were a constant danger and did affect the price of cotton on the market; so that if they disposed of this cotton it should be charged up as an assistance to the cotton growers and an indirect and incidental assistance in using this cotton to make garments that otherwise could not be purchased.

Mr. JONES. Mr. Speaker, I call for a vote.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

PANICS

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech made by my colleague, Mr. FREE.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

SPEECH OF HON. A. M. FREE, OF CALIFORNIA, DELIVERED BEFORE THE ROTARY CLUB OF WASHINGTON, D. C., FEBRUARY 1, 1933

There recently came to my attention the following statement: "It is a gloomy moment in history. Not for many years—not in the lifetime of most men who read this—has there been so much grave and deep apprehension. In our own country there is a universal commercial prostration, and thousands of our poorest fellow citizens are turned out against the approaching winter without employment."

"In France the political caldron seethes and bubbles with uncertainty. Russia hangs like a dark cloud and silent upon the horizon of Europe; while all the energies, resources, and influences of the British Empire are sorely tried, and are yet to be tried more sorely, in coping with the vast and deadly India situation, and with disturbed relations in China."

"Of our own troubles no man can see the end. If we are only to lose money and thus by painful poverty to be taught wisdom, no man need seriously despair. Yet the very haste to be rich, which is the occasion of this widespread calamity, has also tended to destroy the moral forces with which we are to resist and subdue the calamity."

Imagine my surprise when I discovered that this was a reprint from an article published in Harper's Weekly of October 10, 1857.

It then occurred to me that history is but repeating itself in the present depression and that a study of the panics in the United States during the last 100 years might be of value in determining their causes, in developing some plan to forestall them, and possibly in developing some suggestions as to how to work out of our present situation.

The United States has experienced nine major depressions in the last century.

Let us first study the panic of 1837:

THE PANIC OF 1837

In the early thirties the great financial institution of those days was the Second Bank of the United States at Philadelphia. It was the stronghold of United States finance.

Nicholas Biddle was the outstanding figure in this bank. He ruled the money world. He played the cotton market, financed canals and large land speculations. He was hated by President Jackson, and Jackson vetoed renewal of the charter of his bank. He, however, secured a charter from the State of Pennsylvania.

The bank had a capital of \$35,000,000. This was indeed a large sum for those days.

He was a great speculator in lands. His friends and imitators began to gamble in city and county lands all over the United States. Cities were laid out in the western wilderness which were bought at \$1.25 per acre. The speculators paid for them in notes issued by banks the speculators themselves had organized. The land office deposited the notes back into the banks, which again loaned them to the same speculators who used them in buying up more land.

The leading figures in Wall Street were J. L. and S. Josephs, enterprising Jewish boys from Richmond, Va., who had founded a banking house on a capital of \$20,000. They got prestige in the financial world by being appointed the New York agents for the Rothschilds.

They like Biddle plunged into speculations in cotton and land. They controlled 634 banks throughout the country with loans of five hundred and twenty-five millions, and with specie back of the loans of only thirty-eight millions. In this precarious position they grew weaker day by day as the speculation proceeded.

President Jackson condemned the rush for public wild lands. He issued his specie circular, demanding that payment for land should be paid only in specie or specie value. He prohibited the deposit of Federal revenues in the United States Bank and distributed them among other banks favorable to his administration.

In December, 1835, fire destroyed the Merchants Exchange, the pride of Wall Street. Seventeen blocks of buildings were destroyed with a loss of \$18,000,000. This brought about the financial ruination of many people who had investments in these buildings.

A rebuilding program started under a wave of false prosperity. Biddle encouraged this boom and loaned money in all directions. The whole country began to speculate in lands and cotton. Paper banks of the South and West turned out their own notes, which circulated as currency. Specie began to vanish.

By March, 1837, the panic was on. News arrived by packet in Philadelphia and New York that the great cotton houses of New Orleans had failed with losses totaling \$200,000,000.

The land boom crashed; the cotton corner was broken.

The firm of J. L. & S. Josephs & Co. stopped payment.

Stocks took a decided drop. Many brokerage houses failed during one day. There were runs on banks, failures everywhere—352 in number. Silver and small change vanished, and hoarding of coin followed.

Financial convulsions engulfed the whole country. Investment of capital ceased. The whole South was bankrupt. British credit was withdrawn. Millionaires failed. Real estate would not yield cash. Specie payments were suspended. Lootings by the poor followed. People who were without employment and without money stormed the city hall in New York, and finally troops were called out to quell the disturbances.

Europe lost \$150,000,000 in these losses.

Biddle had been called on and tried to come to the rescue, but it was of no avail.

By 1841 the powerful United States Bank, with a capital of \$74,000,000, had been reduced to a capital of \$12,000,000.

Biddle had resigned in 1839 and died in 1844, insolvent and broken-hearted.

The Josephs were ruined. They had liabilities of \$5,000,000 which they could not meet. Even their office furniture was sold to pay their debts.

The public had become involved and had lost heavily.

Companies and individual owners, grocers, barbers—all went into the banking business on their own account. They issued shin plasters, being forced to this step by the necessity of making small change for their customers.

This panic lasted from 1837 to 1843—72 months.

Then followed a period of prosperity from 1843 to 1857. This period witnessed the Mexican and Crimean Wars with good markets, feverish building, booms in land, sugar, cotton, railway shares, and California gold-mining development.

THE PANIC OF 1857

Next let us consider the panic of 1857.

The early fifties brought into light men who were then obscure but who afterwards played a great part in the financial history of the United States. They were the future bonanza kings—Mackay, Flood, O'Brien, Collis P. Huntington, and Darius O. Mills.

Gold had been discovered in California, and the great stories which came across the continent led to the formation of mining corporations the stock of which was purchased by eastern investors.

There was great railroad expansion. Seven hundred million dollars in railroad stocks were bought, much of these with foreign capital.

Wall Street was prosperous. Stock sales amounted to as many as 40,000 shares a day. Eastern bankers forwarded speculation with free hands. They loaned on almost any sort of paper. Brokers with only fifteen hundred dollars on deposit drew checks from one hundred to three hundred thousand dollars.

Mining schemes, railway enterprises, guano speculations, sugar, cotton, and land speculations were the order of the day. So great was the demand for shares and so eager were speculators to press on their ventures that many companies issued spurious shares. The managers of the Vermont Central Railway did this to supply the needs of the road.

The Parker Vein Coal Co. flooded the market with a fraudulent stock issue of five times its authorized capital.

The end had to come. It began when the checks of Simeon Draper, Jr., a prominent railroad banker, were dishonored. The Broadway Bank called his loans, and in his downfall he carried his brother brokers with him.

The manipulations of the Chicago & Mississippi Railroad next ruined Henry Dwight, Jr., another banker.

Schuyler & Co., a large New York firm, failed because of the speculations of Schuyler. He had engaged in fraudulent stock manipulations in the New Haven Railroad. Schuyler fled to Canada. He had actually forged stock in his own road to the amount of two millions. He had swindled his close friends, including Vanderbilt.

Five thousand shares of the Harlem road have been overissued. The Ohio Life & Trust Co. failed because of its large advancements to railroads.

Brokers suspended and failed on all hands. Runs began on banks. Banks called in loans, and panics developed throughout the United States.

There was scarcely a dollar in the State of Indiana save free bank paper. Stock gambling had caused stealings and losses. Credit was gone, confidence lost, and the country denuded of money.

In August, 1857, the panic was on in full force. Banks everywhere closed their doors. Mills and factories had to close because they could secure no money to pay their workers.

We had a paper inflation of \$2,000,000.

The financial district of New York was overrun with mobs demanding money. The Bank of New York, the strongest in the United States, failed. The socially well-to-do class was nearly extinguished. Families in the world of fashion, whose society had been courted, sank to lowly conditions.

It seems that not economic causes but the promotions of optimistic men caused the panic of 1857. The sudden disappearance of specie, the embarrassment of the banks, the outward flow of gold were the consequences of this superoptimism. Conditions continued bad from 1857 to 1860, a period of 24 months.

The period from 1860 to 1873 witnessed the Civil War, followed by a new era of factory building in the North, settlement of farm lands in the West by a million discharged soldiers. There was more railroad building and business expansion and another orgy of speculation.

THE PANIC OF 1873

The next panic was that of 1873.

Every panic is preceded by the speculation of some outstanding men.

In the seventies, Jay Cooke, the financier of the Civil War, proved to be the greatest speculator. He led forth a movement which others followed, and organizers plunged into the adventure of building metal highways. Their promotions were stimulated by bond subsidies and huge land grants.

Thirty thousand miles of railroads were built in 10 years, at a cost of \$1,400,000,000.

Cooke engaged in carrying through the Northern Pacific from Lake Superior to Puget Sound.

The Union Pacific was promoted under the corporate title, Crédit Mobilier, Missouri, Kansas & Texas road was also promoted during this period.

The Civil and Franco-Prussian Wars had used up \$6,000,000,000. Strenuous promotions brought on credit inflation. Paper circulation increased to \$750,000,000.

The Chicago fire in 1871 destroyed \$150,000,000 in property, and in 1872 there was the Boston fire, with great losses. This made a great drain on the money resources of the country.

There was developed certain building scandals in the Union Pacific by which the promoters contracted with themselves to build the roads at terrific costs.

It all had to come to an end. The Missouri, Kansas & Texas road was unable to meet its loans. As a result many bond issues failed. There came on a period of failures, embezzlements, and speculations. Banks failed, and a frightful depression came on quite suddenly.

September 18, 1873, was the fateful day. Jay Cooke was at breakfast with President Grant when he learned that his Washington house and the First National Bank of New York, another of his houses, had closed. Stocks immediately began to tumble. There was an avalanche of failures everywhere.

The great firm of Richard Schell, and Robinson, and Suydam failed.

The New York & Oswego Midland Railway defaulted on its bonds. There was suspension after suspension in the business world. The choicest securities depreciated greatly.

Bankers in the clearing house in New York decided to issue \$10,000,000 in certificates to be used instead of legal tender. This failed to stop the crash. There were runs upon the savings banks, and 36 firms suspended or failed within a few days. These included the Union Trust, the National Trust, and the Bank of the Commonwealth. So bad were the conditions that the stock exchange closed for a week.

Six weeks of downfall culminated with the failure of the great Sprague enterprises—10,000 of their employees in the hand mills, print shop, and mowing-machine companies were without employment.

A million wheels were checked throughout the country. There were 40,000 unemployed in New York. Rents fell 30 per cent.

The Northern Pacific became bankrupt. Seventy-two railroads were in default. Overdue interest on bonds amounted to \$218,000,000, or 13 per cent of their funded debt.

This depression lasted from 1873 to 1878, a period of 72 months.

From 1879 to 1884 business was restored. The South began to recover from the war. There were good markets at home and abroad and generally good times.

THE PANIC OF 1884

Let us consider the panic of 1884.

The panic of 1884 again was brought on as other panics, by the manipulations of men in big industries. The eighties produced a man by the name of Seney. He built the Nickel Plate road and sold it to Vanderbilt at a personal profit of \$1,500,000.

Seney organized the Seney Syndicate, got control of the Ohio Central, the East Tennessee, the Virginia & Georgia, and the Rochester & Pittsburgh Railways. He sold stocks cheap and widely. He was head of the Metropolitan Bank and used this in his own ventures.

The firm of Grant & Ward became big speculators in those days. Grant was the son of President Grant. They interested James D. Fish, who loaned them \$4,100,000.

Fish was president of the Marine Bank.

In May, 1884, Grant & Ward failed. This broke Fish, closed the Marine Bank, and rendered ex-President U. S. Grant penniless.

Ward had turned out to be a crook.

Even such houses as Russell Sage lost heavily. The Seney Syndicate got into a bad way. Nelson Robinson & Co. suspended payments, owing two millions. Seney was connected with the Metropolitan Bank—in fact, owned three-fourths of its stock. The bank suspended payment.

Other banks and firms failed. John C. Eno, another operator, failed for \$4,000,000 and escaped to Canada.

Matthew Morgan's sons failed and brought down old Henry Morgan.

The bond house of Hatch & Foote suspended. Alfred S. Hatch, junior member, had been elected president of the exchange only a few days before.

Russell Sage was caught badly. He was renowned for dealing in "puts and calls." He was bound to purchase great amounts of stocks and finally closed his office. He finally succeeded in com-

promising for 60 per cent of what he had promised to pay. He lost \$2,000,000.

More bank failures followed.

One of the sad parts of the story is that it broke General Grant, who was backing his son, and who trusted Ward, who later went to prison penniless. General Grant wrote his memoirs to recoup some of his fortune.

The years of 1884 to 1886 were two years of contraction.

Eighteen hundred and eighty-six to 1893 were prosperous years. They were years of attempted monopolies—beer, bluestone and chemicals, sewer pipe, coke, copper, fruits, gas, guns, hides, linseed oil, lumber, matches, nails, paper, peanuts, rice, rubber, salt, school slates, silks, soaps, sugar, and storage warehouses.

The Whisky Trust, under the title of the Distillers & Cattle Feeders Co., had been preceded by the Cottonseed Oil Trust, but the most popular combinations were lead, sugar, pig iron, and cattle trusts.

A. A. McLeod, president of the Philadelphia & Reading Railroad, fostered a daring move to monopolize the output of anthracite; then to advance the price of black diamond. Wall Street at first backed him. He arranged leases of the Lehigh Valley and Jersey Central roads, gained control of the Lackawanna's coal business, and bought the New York & New England Railroad.

The Cordage Trust was the offspring of James M. Waterbury. He established a reputation for turning binding twine into gold with a whisk of his pen. By 1891 the Cordage Trust controlled 41 per cent of the output of cordage. He then reduced the price to freeze out other companies and bought 15 independent companies. It was not known, but he was losing money all of the time.

John Good had a large plant for which he was finally paid a \$200,000 bonus and \$7,000,000 on a \$2,000,000 plant.

Waterbury reached out and drew in his social friends, who were later dragged down with him in his speculations.

THE PANIC OF 1893

Money had been drained from Wall Street for working supposed mines in South Dakota and buying Florida lands. The latter were to be unloaded on foreigners as future sugar plantations. New towns had been built.

Finally the cordage combine broke and a receiver was appointed. Default of other monopolies followed. Their plants were closed. Banks like the National Bank of Deposit in Broadway, the St. Nicholas Bank, the Canal Bank, closed, and the Madison Square Bank liquidated its affairs.

The Equitable Mortgage Co. and the Jarvis-Conklin Mortgage Trust Co. went into the hands of receivers. Banks failed everywhere. Twenty-five national depositories suspended in June, 78 in July, and 38 in August.

Wall Street brokerage houses went under one by one. They could not sustain margins for loans.

The industrial boom had been encouraged by currency inflation.

The Sherman Silver Purchase Act of 1890 had compelled the purchase of heavy amounts of silver. This was paid for in Treasury notes redeemable in gold.

Gold went out of the country as new notes were put into circulation.

Money trouble was the manifest peculiarity of the long-drawn-out panic of 1893. Money was not to be had. Unemployment was everywhere. Riots were common, particularly in New York and Chicago.

Certified checks were issued in small denominations to pay workers. Cashiers were frantic to get coin enough to make change. Everybody hoarded.

Money in small denominations was dealt in at a premium in Wall Street. Currency brought 2 per cent. In other words, \$1,000 was good for \$1,020 in money. Fifteen million dollars in real money was thus traded in Wall Street.

On the exchange one broker offered \$50,000 in Government 4's at 110½, payable in currency. This was finally taken up by a banker, who delivered coin in small denomination.

Alarmed by the flight of gold, Congress repealed the silver purchase act.

Coal syndicate stocks and McLeod's share in railroads were forced on the markets. The coal combination failed. A receiver was named for the Reading Railroad. The railroad earnings fell off tremendously.

The Erie Railway failed. The Northern Pacific became bankrupt. Receivers were appointed for the Atchison, the Union Pacific, and the New York and New England railway systems.

The panic of 1893 was caused by the ferment of promotions in the early nineties. The blame primarily rested upon McLeod and the bankers who encouraged his anthracite monopoly and upon Waterbury and the group of high gamblers who surrounded him in the Cordage combination.

The downfall of Cordage had merely accelerated the ball that had started rolling after the breakdown of the coal monopoly, also the operation of the Sherman Silver Purchase Act, followed by the flight of money.

Merger of binder twine plants into the Cordage combine; monopolies in anthracite coal, in whisky distilleries; a rage for trusts in sugar, cottonseed oil, lead, pig iron, cattle, rice, rubber, soap, and peanuts brought on the disaster.

The panic of 1893 lasted 25 months, from 1893 to 1896.

From 1896 to 1903 commodity prices increased.

The silver issue was defeated in 1900, and the United States again enjoyed a fair degree of prosperity.

THE PANIC OF 1901

In the panic of 1901 five men stood out conspicuously—J. Pierpont Morgan, James P. Hill, Jacob Schiff, John W. Gates, and Edward H. Harriman.

More combinations of capital had followed the panic of 1893.

John W. Gates was conspicuous in heading a group of financiers who undertook gigantic promotions. Morgan formed the Steel Trust, financed international merchant marine and the Harvester Trust.

James Jerome Hill, another of the group, bought the St. Paul & Pacific and built it up to the Great Northern system.

Morgan was the banker for Hill. They began the reorganization of the Union Pacific as the Northern Pacific fell into bankruptcy. They bought very heavily in Northern Pacific Co.

Edward H. Harriman was trying to get control of the Northern Pacific and the Burlington Railways. Harriman had linked the Union Pacific to the Southern Pacific. With the Morgan line of steamers he had made a continuous transportation system from New York to San Francisco, but the railroad monopoly of the Southwest was not all that he desired. Hill stood in his way.

Hill commanded the Northwest with his Great Northern and his control of the Northern Pacific. Neither Hill nor Harriman had an outlet to Chicago. The Burlington provided this.

Jacob H. Schiff, of Kuhn, Loeb & Co., was Harriman's banker. They decided to get control of the Burlington. They discovered that Hill was also trying to buy up the stock.

Hill and Morgan bought the Burlington for more than \$200,000,000 and split up control of the Burlington between Great Northern and Northern Pacific. They then controlled the route to Chicago.

Morgan and Hill's control of the Northern Pacific was nominal. They held a minority interest. The real control was in outstanding stock.

Schiff and Harriman decided they could get control of the Great Northern, Northern Pacific, Burlington situation by accumulating Northern Pacific stock. They sold their Burlington stock and started to acquire \$60,000,000 in Northern Pacific. By doing so they would control Northern Pacific and thus command one-half interest in Burlington and would be masters of the entire West from the Mexican border.

Morgan wired from Europe to buy 150,000 shares of Northern Pacific. This meant an expenditure of eighteen to twenty million dollars. Even Europe was scoured for the stock.

This brought on a terrific battle between Hill and Harriman for control of the Northern Pacific. Each side bought and brokers began making short sales. Each side of the contest had a majority of the stock under contract, but where was the stock to be bought. The market was swept clean on short selling.

Brokers then began to offer premiums in order to fill these short sales when they were demanded. As high as 10 per cent was offered for the loan of shares for a few days. This meant brokers would pay \$1,000 for the privilege of borrowing 100 shares for 24 hours.

Millions in profits were made by those who loaned their stock. The stock finally advanced to \$180 a share.

Those who had loaned the shares then called them in and as high as 85 per cent was offered for 500 shares, which meant they offered to pay \$8,500 to borrow for a few hours stock of par value of \$10,000. The stock leaped to \$1,000 per share. There was then great trade in Northern Pacific, and in order for the brokers to get this they threw other stocks suddenly on the market. The situation got so bad that finally, in order to stop an entire breakdown of the financial centers of the United States, the short sellers were permitted to compromise by paying \$150 a share for stock they could not deliver.

Even Europe shook from the transaction.

Hill and Morgan finally won out. The Northern Securities Co. was formed to control the Northern Pacific and Burlington. Three years later the Supreme Court annulled the Northern Securities Co. as being contrary to the antitrust laws.

This was just a Wall Street panic, only stock gamblers became involved, but many people lost great sums of money and became bankrupt. It was soon over and the country was on its way again to other big ventures.

THE PANIC OF 1907

This was the greatest panic the United States had witnessed to this date.

Henry H. Rogers, was president of the Standard Oil. Millions had been made by his company. These millions sought investments. He invested them in copper mines in Montana, organized the Amalgamated. The National City Bank of New York advanced \$155,000,000. J. P. Morgan was behind the issue of stock.

The world went copper mad. Finally the price decreased to \$70 a share and the copper pool was crashed.

F. Augustus Heinze, of Montana, was also interested in copper. He was crushed by Wall Street in the copper pool. He decided to fight on; got control of various properties, and Rogers finally bought him out for \$15,000,000.

Heinze went to New York, fell in with Charles W. Morse, who owned the Hudson Navigation Co., the Metropolitan Life, the Eastern Steamship Co., the Ward & Clyde Lines, a fleet of 74 ships.

In order to carry on his financial transactions, Morse bought a string of banks. Then, followed mergers of steamship companies, Systems of branch and chain banks were established.

Morse used the stock and surplus of one bank in order to buy the next. He hypothecated and rehypothecated his securities in depositories in New England.

Heinze and Morse were joined by Russell Thomas, a young sportsman with large income. He had manipulated a \$2,000,000 corner in cotton. He became a power in certain banks.

Charles T. Barney, another wealthy young man, joined the group. He was president of the Knickerbocker Trust Co.

Other financial interests in Wall Street, such as the National City Bank, the National Bank of Commerce, the First National, Hanover National, Farmers Loan & Trust, the United States Trust, the New York Trust & Guarantee Trust, an institution of the Standard Oil.

These were dominated by J. P. Morgan and his partner, Robert Bacon; William Rockefeller, the genial speculator; Rogers, of Standard Oil; and Stillman.

The years following were prosperous.

Western railroads sold big issues of their shares. The paper securities of the Great Northern, Northern Pacific, St. Paul, swept up to high levels.

Heinze exploited his new corporation, United Copper, with \$50,000,000 capital. It shot up to a higher price than Amalgamated, owned by his rivals.

One factor that brought on trouble was the San Francisco fire, with a loss of \$350,000,000. This made the financial world shiver to make good these losses.

Heinze then tried to corner United and asked for deliveries; but much to his surprise, offerings were made immediately, and he was unable to raise the cash to pay for them. Secret instructions went out to all banks to call loans on all securities of all companies with which Heinze, Morse, and Thomas were associated.

Heinze, Thomas, and Morse were ruined by this move of the Morgan, Standard Oil, City Bank group demanding payment of large amounts.

The banks which Heinze, Thomas, and Morse closed included the Knickerbocker Trust Co. American stocks dropped even in Europe.

A sly whisper apparently was sent out as to the stability of the Trust Co. of America. This caused a run on this company.

The Hamilton and Twelfth Ward banks suspended. Sixteen savings banks in Manhattan demanded 60 days' notice before the withdrawal of money.

The Union Trust of Providence suspended. Distress was everywhere. Call money was not to be had.

At a meeting of some of the financiers, \$25,000,000 was pledged to stop the runs, but the runs continued just the same.

The Trust Co. of America had paid out \$34,000,000 in a few days, and the Lincoln Trust, \$12,000,000; then ultimatums were delivered to both that they must surrender their unpledged assets to the ruling bankers and then they would provide funds for the remaining depositors. They were forced to accept. This was done so the Morgan group could get control of the Tennessee Coal & Iron Co., which securities were held by the Trust Co. of America. Morgan thereby vanquished his enemy, John W. Gates, the steel king, from the Street.

Gates had been the promoter of the Tennessee Iron & Coal Co. When Gates came to New York he had not been accepted by the Morgan group. In retaliation he had put Morgan's southern railroad in peril. He had bought control of the Louisville & Nashville. Morgan had been forced to buy him out at a profit of \$10,000,000 to Gates.

Gates controlled the Tennessee Iron & Coal Co. Morgan wanted this, and financial writers make the bold assertion that the run on the Knickerbocker was engineered for this purpose.

Morgan got control of the Tennessee Coal & Iron Co. and turned it over to the Steel Trust. He had had his revenge.

Bank failures continued. The Southern Steel Co. became bankrupt.

The Westinghouse Electric went under in Pittsburgh.

Western governors appointed holidays to protect State banks which could not meet their drafts. Out-of-town banks tried to recall the \$800,000,000 on deposit in New York. Clearing-house certificates were issued to stop outgo of specie.

Philadelphia and Pittsburgh locked the doors of their own vaults. Chicago exchange on New York was almost unobtainable. Boston credits in New York were exhausted. The business centers of the country were frozen solid. People hawked cash in Wall Street.

Barney, in reality an innocent party in the matter, killed himself when his institutions went under.

It developed that the Knickerbocker Trust was absolutely solvent and had been deliberately ruined. After all obligations had been met, the bank had a balance on hand of \$15,000,000.

The depositories of Heinze, Morse, and Thomas were permitted to fall into bankruptcy and were finally absorbed by the Morgan group. This was one of our greatest panics, although it lasted but 12 months.

The United States then went through a period of irregular improvement checked by the outbreak of the World War.

THE PANIC OF 1920-21

Prices during the war had reached especially high levels. Instead of contracting following the war, business purchased at these high prices were bound to come down.

Late in 1920 the collapse came, and business houses and farmers throughout the country had to take their losses, which were enormous.

For a short period prices of all commodities fell, but owing to a large demand from Europe we quickly recovered.

Business again was good, prices advanced, and we proceeded with great expansion, and investment reached its peak.

This continued until the fateful October in 1929.

THE PANIC OF 1929

The panic of 1929 is the most peculiar in our history. It was ushered in without the crashing of any large institutions. It broke suddenly and then slowly and progressively brought distress in its wake. It has been our worst—as our population has grown, our panics expand in force and volume.

To analyze its causes we must go back to 1914.

During the early part of that year there was a period of uncertainty and interrupted business.

Then came the outbreak of the World War. There was great demand for products of all kinds—agricultural and manufactured. A boom started and peace-time goods soared in price and in volume of demand.

All available acreage was planted to increase agricultural crops and factories expanded to meet increasing demands. Wages and prices soared to unusual levels. There was feverish development and production in all products.

Land values rose to a high peak and our people paid ridiculously high prices for land because of the high prices of agricultural products. Very often the land was mortgaged in an amount far in excess of its possible value in normal times.

This period of expansion and prosperity continued feverishly until 1920.

During and two years following the war there was great demand for our products, as the war had left all countries in need of replenishment of their inventories.

With our increased impetus we quickly filled these unusual demands, and then came a collapse of war-time prices and a liquidation of prices generally.

Farmers could no longer get returns on the high-priced lands which they had bought and merchants were forced to reduce prices on stocks on hand.

Large profits had been made during the war and readjustment was made quickly, except to those who had paid ridiculously high prices for land.

Except for this brief depression, which lasted about 14 months, we continued for seven years in a period of great prosperity—expansion, profits, and investments reached their peak.

This was a period of great mergers. Combinations were made in the motion-picture business, radio, steel, gas, banks, grocery stores, drug stores, cigar stores, airplane ventures, etc.

It was the great period of investment trusts. Financiers bought common stocks for the purpose of controlling industries. They loaned this collateral to bankers and bought more stocks.

Call money jumped to 20 per cent, and the carrying of these loads became oppressive to the financiers and hazardous to the bankers. Then the holding company was resorted to. All the stocks were pooled, deposited in safety vaults of trustees. Against the pooled paper were issued collateral trust bonds, cumulative, preferred, and common stocks.

Campaigns were started for the sale of stocks. This was done over the radio, through brokers, circulars, pamphlets, advertisements, and superstock salesmen.

Hundreds of thousands of people were persuaded to buy stocks. People sold their bonds, which became a drug on the market, and purchased stocks.

Stocks advanced from day to day. Fortunes, some paper and some actual, were made. Never before was there such feverish speculation in stocks. All classes of our people became involved from bootblacks to millionaires.

Stocks which started at a few dollars rose to hundreds and thousands of dollars per share. Financiers then split the stock in smaller denominations so the small investor would be attracted.

The earnings of the concerns which backed these stocks could not pay on the basis of the issues, so stock dividends were resorted to in place of cash dividends.

The Federal reserve bank tried to stop this by shutting off stock-market credit and increasing the rates of interest on loans, but the stock gamblers defied the Federal reserve and offered high rates of interest to small banks for money with which to continue this stock gambling.

There had to be an end. It came in October, 1929. Stocks which had been selling at from \$300 to \$700 per share slid to \$70 almost overnight. Banks demanded payment of their loans—stocks of all kinds were offered in payment, but these failed to be adequate and the stock speculators lost everything they had and in most instances found themselves badly in debt. Land prices dropped, business declined, and banks had to take over lands and business to protect themselves.

Then followed a period of contraction. People who had been living in affluence had to economize. They ceased buying. This lessened demand. Stores discharged employees; factories curtailed production and thus had less need for labor. Unemployment became nation-wide, and with unemployment prevalent there was a decline in purchasing power and thus more unemployment.

Banks were filled with frozen assets and had to retain their currency to meet possible runs, and thus the money which ordinarily would be advanced to industry was curtailed.

Another factor entered into the situation. The war had cost billions of dollars. These debts had to be paid. Foreign countries extracted very high taxes from their peoples. This con-

tracted their purchasing power with the result that our foreign trade declined materially.

In 1930 we passed the Smoot-Hawley tariff bill which was intended to protect our home market for American producers. This is a big market. We ordinarily consume 94 per cent of what we produce in our own country, but another factor has entered into the situation. The currency of nearly all foreign countries has depreciated materially, and despite our tariff, foreign products—agricultural and manufactured—are pouring into our country and taking our own markets away from our own people, and thus causing more unemployment.

The precipitating cause of the panic of 1837 was the failure of the Josephs Bros. banking house, but the panic in reality resulted from the confident hopes of men who backed land and cotton ventures.

The precipitating cause of the panic of 1857 was the closing of the Ohio Life Insurance & Trust Co., but the actual cause was due to the manipulations of men who were overwhelmed in the unsettlements caused by an unheard of influx of gold.

The downfall of Jay Cooke was the apparent cause of the panic of 1873, but the actual cause was due to the schemes of men who succumbed to the hypnosis of railway projection.

The precipitating cause of the panic of 1893 was the collapse of the Cordage Trust, but the underlying cause was speculation in land, attempted monopolies of various products, and currency inflation.

The panic of 1901 was caused by the fight for the control of the Northern Pacific, behind which was the railroad control of the West.

The immediate cause of the panic of 1907 was the frustration of Heinze's united copper pool.

The cause of the panic of 1920 was the overdevelopment during and following the World War.

The panic of 1929 was caused by the undue optimism and speculation of our people.

What lessons are we to learn from this story? The first and outstanding lesson to be learned is that we have succeeded in weathering all these panics and have come out a stronger and more forceful nation. Out of the optimism of men, which has been a great factor in bringing on our panics, has been the advancement of our Nation.

"The riches of nations can be measured by the violence of the crises they endure."

LEGISLATIVE APPROPRIATION BILL—FISCAL YEAR 1934

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes. Pending that motion, I would like to know if we can agree on time for general debate.

Mr. HOLADAY. I have requests for a little over two hours on this side. We could probably finish in two hours.

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent that general debate on this bill be limited to four hours, the time to be equally divided between the gentleman from Illinois [Mr. HOLADAY] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. CONNERY. Reserving the right to object, I would like to ask the gentleman if he expects to start reading the bill, then, to-day?

Mr. SANDLIN. We hope to read a paragraph of the bill to-day and conclude the bill to-morrow.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Louisiana.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14562, the legislative appropriation bill, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I yield to the gentleman from Illinois.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from West Virginia [Mr. Hogg].

Mr. HOGG of West Virginia. Mr. Chairman, with the passage of the present measure, relating to the legislative establishment of the Government there will yet remain two or three regular appropriation bills in addition possibly to one covering deficiencies to be considered by the House before adjournment on March 4. This leads to the observation that in our present system of government, at least under conditions existing in recent years, practically all of the time of Congress is consumed in consideration of measures relating to the appropriation of money. This function of government has increased in staggering proportions. As a body, the Congress of the United States is severely indicted and criticized for its failure to deal with problems of reconstruction. It seems impossible for any time to be devoted to that purpose. The demands upon the Government with reference to the appropriation of money have become so great that the Appropriations Committee is in practically continuous session. They commence their hearings long in advance of the convening of Congress. They are in almost daily session. Their duties are so burdensome that it is necessary to apportion their work to various subcommittees because of the impossibility for each and every member of that committee to have first-hand and accurate information with reference to the particular needs of each and every department of Government. If members of the Appropriations Committee find themselves in a position where they can not have definite and accurate information personally obtained, what can be expected of a Member of Congress who is not a member of the committee? Of necessity he must rely upon the findings and the judgment of that committee. It is staggering to think of the details with which the House of Representatives deals in the appropriation of money. We are given a Budget containing 721 extremely large pages of fine type with 22 pages of index of 2,904 separate items. It is folly for anyone to expect to obtain even a smattering of detailed information on these varied subjects.

I do not make this statement as an indictment against any political party or our system of government. It is not the responsibility or the burden of one individual or one party that our Government has reached the staggering proportion which we now see. But the underlying trend of public thought seems to seek, through a destructive type of criticism, to fix responsibility for this state of affairs upon the present incumbents in office. This is unfair. The situation did not arrive overnight. It is the responsibility of the American people, neither individuals nor political parties. This outgrowth of bureaus and departments did not make its appearance except as a result of the insistence of some particular class of citizens demanding additional services from their Government. In many instances these same people charged with the responsibility of establishing some bureau or department are to-day loudest in their condemnation of the present system of government because of the existence of these very things which they sought and aided in creating.

While considering appropriations by the Seventy-second Congress it is interesting to observe the fundamental objects of appropriations made by the First Congress of the United States, as found in volume 1, United States Statutes at Large. That body dealt with constitutional fundamentals, such as the tariff and tonnage acts, navigation, the Indians, and the Postal Service. Since that time, however, there has been a constant increase in the objects of Federal financial policies. In that Congress the representation of the lower House was based upon a population of approximately 30,000 to each congressional district. In the intervening years that representation has increased until it now represents approximately a quarter of a million people. By this gradual process the American people for a time apparently have lost sight of individual responsibility to central government. The indirect sources of revenue from which central government has heretofore been supported have not made themselves felt as keenly as local taxes. For that reason the individual at times regards the Federal Government as a source of financial

exploitation. His demands for additional services from the central government have not been coupled with the realization of placing upon himself additional financial burdens. His prevalent belief has been that of a right to exact benevolence.

A calculation has been made as to the extent of financial demands made upon the Federal Government by the present Congress, which convened on the 7th day of December, 1931. Within three weeks bills of every kind and character had been introduced, calling for the expenditure of \$29,000,000,000 of Federal funds. They represent, in some instances, gross extravagance; in others a service unquestionably of benefit and value. It is fair to assume, however, that in the introduction of these bills no great amount of consideration was given as to the manner and means of meeting these additional financial burdens. These requests for these enormous sums of money are but the further evidence of the demands of citizens of various localities for assistance to which they feel they are justly entitled. It is not to be construed as the personal demand of an individual Member of Congress but rather his reflection of the claims of his constituents. This has been the foundation for governmental expansion.

Our system for the appropriation of public funds is the most liberal of any legislative body in the world. Until 1920 any Member of this House was at liberty to introduce a measure creating some new Government function and appropriating funds from the Federal Treasury. He had the right to charge the Public Treasury with expenditures, but was not faced with the responsibility of raising the particular funds which he was spending. Such a procedure has been somewhat altered since 1920, or the time of the passage of the Budget bill. The practical effect, however, remains unchanged. A Member can now introduce a measure creating a separate Government function, but only authorizing the expenditure of Government funds. Under the rules of the House it is no longer possible to create a function by legislation and in the same measure appropriate money for its support. But the practical result is the same, because upon its authorization the Bureau of the Budget as a matter of common practice could not indirectly override legislative intent. In practice, a supplementary Budget estimate is then submitted to the House of Representatives, and the Appropriations Committee, feeling the moral obligation in the original authorization, generally appropriates the necessary funds involved. Yet the sponsor of this movement to make charges upon the Public Treasury has not felt the responsibility of devising means and methods of procuring the revenue to meet his obligation. This state of affairs can not exist in any other legislative body of the great powers of the world.

The appropriation of large sums of money for local enterprises has long been a subject of unsavory comment in the United States. It is notorious that activities along this line have been carried on by systems of traffic and trading—more so in the past than at present.

England, Canada, and Australia are relieved from these embarrassing features of legislation. A rather hasty examination of the legislative machinery of other foreign countries likewise indicates that they are not subject to such burdens. While not advocating the adoption of the parliamentary procedure of these foreign countries, it might be well nevertheless to consider some of the constitutional provisions, rules, and regulations standing between the people and some legislative defects noticeable in our own country.

It might be well again to summarize some of the influences which have made possible creation and growth of many governmental agencies. In practically every instance their inception can be traced to the agitation of some small group active and well organized. In practically every instance their appearance was accompanied with appropriations of money, possibly small in amount. Once established, their growth was rapid and their consumption of public funds enormous. Three conditions exist in our legislative branch

of government extremely conducive to the growth of such bureaucracy:

First. Insistent demands of small groups, backed by local influence urging a new Government service.

Second. The comparative ease in obtaining under our legislative procedure consideration of bills calling for the appropriation of money.

Third. The legislative machinery involved in the consideration of these measures.

BUDGET THEORY OF THE UNITED STATES

We charge in theory the Executive with the successful operation of Government finances. Under our new budgetary system the executive department is charged with the responsibility of seeing that expenditures are held within the revenue. In the event of a fluctuation or change in these revenues, such as we have experienced in the past few years, the Executive is further charged with the duty of outlining the methods and means of raising sufficient revenue with which to carry on functions of government. After months of toil and thought the Executive may adopt a program which will accomplish this end. Yet this same program upon submission to Congress may be rendered valueless through indiscriminate appropriations neither authorized nor sanctioned by the Executive. In reality therefore the Executive is charged with the responsibility for Budget success but at the same time deprived of sufficient power by which he can accomplish such a financial program.

This situation does not exist under parliamentary procedure of any other English-speaking country, nor apparently in either France or Germany. Only in our own country, where we have such free and almost unhindered power in the matters of legislation, can such conditions exist. If we are to charge the Executive with these grave responsibilities, we should also enable him to safeguard public expenditures and to maintain a well-planned and well-conceived financial program.

Much of our legislative machinery has been patterned after that of England. Although making in many instances radical departure in the establishment of our system of government itself, nevertheless, in a great measure, we have borrowed from the English parliamentary procedure. We have, however, ignored many of the advances and changes which have been made by that body to safeguard the appropriation of public funds.

England, Canada, and Australia have thrown such regulations about their legislative procedure that a member can not as a matter of right introduce any kind of a bill or equivalent resolution without parliamentary permission. This is embodied in a motion for leave to introduce such a bill; and in the Canadian House of Commons, as announced in standing order No. 45, it is provided that 48 hours' notice shall be given for a motion for permission to present a bill.

In these same countries no one as a matter of right can obtain consideration of a measure appropriating public money without permission of the sovereign.

The most sweeping provision in English parliamentary procedure is standing order No. 66, relating to public business, found on page 34 of the Standing Orders of the House of Commons, which provides:

This house will receive no petition for any sum relating to public service, or proceed upon any motion for a grant or a charge upon the public revenue, whether payable out of the consolidated fund or out of money to be provided by Parliament, unless recommended from the Crown.

Before appropriations can be made charges upon Government funds in England a motion must be made in a committee of the whole house for an address to the Crown, praying—

that any money may be issued, or that an expense may be incurred.

Practically identical provisions prevail in both Canada and Australia.

In all of these countries the measures calling for the appropriation of public money are taken up for consideration with the utmost deliberation. Standing order No. 60 of the Rules and Forms of the House of Commons of the Dominion of Canada, standing order No. 243 of the House of Representatives of the Commonwealth of Australia, and also standing order No. 71, relating to public business of the House of Commons in England, provide:

If any motion made in the house for any aid, grant, or charge upon the public revenue, whether payable out of the consolidated fund or out of money to be provided by Parliament, or for any charge upon the people, the consideration and debate thereof shall not be presently entered upon, but shall be adjourned until such further day as the house shall think fit to appoint, and then it shall be referred to the committee of the whole house before any resolution or vote of the house do pass thereupon.

The motion referred to in this order relates to an address to the Crown, praying that any money may be issued or that any expense may be incurred. It will be remembered that no charge upon the treasury can be made except upon the recommendation of the Crown, and for this reason it is necessary to proceed by motion upon the part of the House of Commons for an address to the Crown for that purpose. Nor under this principle can any resolution or amendment to increase a charge upon the people be initiated except by a minister acting on behalf of the Crown. Also, amendments proposing any increase in a resolution reported from the committee on ways and means is out of order.

In the Standing Orders of the House of Representatives of the Commonwealth of Australia, order No. 153, relating to private bills, provides that every such bill—

shall be initiated either by a motion for leave to bring in the bill, specifying its intended title, or by a motion that not less than two members prepare and bring it in, or by an order of the house.

Standing order No. 171 of the same body provides:

No amendment for the imposition or for the increase of a tax rate or duty shall be proposed by any nonofficial member in any committee on any bill.

In Australia the inhibitions upon the appropriation of public money have gone farther than either in England or Canada. In the two latter countries the question has almost entirely been treated through standing orders of the legislative branches of government. In Australia, however, the constitution itself in article 56 provides that no appropriation of revenue or money shall be passed unless the purpose of the appropriation—

has in the same session been recommended by message of the governor general to the house in which the proposal originated.

It will thus be observed that of these three countries Australia has presented the most unyielding safeguard with reference to public expenditures.

LEGISLATIVE PROCEDURE AS TO PRIVATE BILLS IN OTHER COUNTRIES

A private bill in the English Parliament has a long and difficult route of travel. In the first place, a petition must be filed and this petition must be in strict conformity with the Standing Orders of the House of Commons which correspond to Rules of the House of Representatives in this country. An officer known as an "examiner of petitions for private bills" inspects the petition to verify the compliance with such standing orders. In the event of compliance he then refers the measure to the ways and means committee. This committee in turn is divided into subcommittees, those dealing with opposed measures and those with unopposed measures.

Order No. 2, Chapter I, of the Standing Orders of the House of Commons of England, dealing with private bills, provides for the appointment of—

one or more officers of this house, to be called "the examiners of petitions for private bills," who shall be appointed by the speaker.

Chapter II, dealing with private business, provides elaborate procedure and conditions to be fulfilled before a private bill can be considered by that body. In the first place, an application must be made to the House of Commons for leave to bring in such a private bill, and before such application is acted upon a notice must be published in a news-

paper in the particular locality to be affected by the proposed legislation. In addition, there must be a limited publication in the London Gazette, and if the powers sought by the bill affect Scotland or Northern Ireland also there must be publication in the Edinburgh or Belfast Gazette. These notices must specifically inform the public as to the source of all necessary information in connection with the proposed legislation. In almost every instance where any attempt is made to procure the passage of a private bill notice by publication must be effected in order that anyone may be heard in opposition to the proposed measure.

Standing order No. 106, relating to private business, found at page 165 of the Standing Orders of the House of Commons, provides for the selection of "the committee of selection," consisting of 11 members, 3 of whom shall constitute a quorum, and order No. 110 provides that the committee of selection shall—

refer every opposed private bill which shall have been referred to them, or any group of such bills, to a chairman and three members not locally or otherwise interested therein.

Section 118, as a further safeguard against any effect of local interest, provides that each member of the committee before he shall be entitled to vote shall sign a declaration, as follows:

I do hereby declare that my constituents have no local interest and that I have no personal interest in such bill, and that I will never vote on any question which may arise without having duly heard and attended to the evidence relating thereto.

Even when there has developed no opposition to a proposed bill, standing order No. 145, page 178, provides:

No member, locally or otherwise interested, of a committee on any unopposed private bill shall have a vote on any question that may arise, but every such member shall be entitled to attend and take part in the proceedings of the committee.

EFFECTIVE GOVERNMENTAL REORGANIZATION DEPENDENT UPON LIMITATION OF POWER OF APPROPRIATION

For many years there has been an insistent demand for a curtailment of governmental activities. The practical difficulty is that the same influences responsible for their establishment prevent curtailment through legislative action. Absolute reorganization of governmental functions is impossible under the supervision of Congress alone. It will never be a reality until the Executive is given free and unlimited power to deal with this question. Authority must be delegated by Congress to the Executive without qualification. The action of the last session of Congress empowering the Executive to effect consolidations along this line, subject to the right of veto at the hands of Congress, has clearly demonstrated that this method is not practical. The bureaus and departments affected in every instance can arouse such local influence and bring to bear such political pressure upon the legislative branch of the Government that constructive results are impossible.

As a member of the minority party, I hope that ultimately the Executive will have ample power to deal with this question in a free and constructive manner. Only the Executive can accomplish the desired results.

We must not lose sight of the fact, however, that even after reorganization there is probability of the ultimate resurrection of these various functions. Their reappearance could be brought about by the same influences that have heretofore created them. If the Executive is to be intrusted with the reorganization of these executive departments, the same Executive should be intrusted with power to exercise some permanent control over the possibility of their subsequent reappearance. There is no more effective means of prevention than to place some safeguard upon legislative ability to make further indiscriminate charges upon public funds. For that purpose I do not advocate an amendment to our Federal Constitution. Such a program would be a reflection upon the American people themselves—a blight upon one of the branches of our Government. Resort might be made to the adoption of effective legislative rules of order. With precedents existing in England, Canada, Australia, and other countries, in some manner we can circumscribe the right to introduce measures for the appropriation of public

funds. Or we can make the consideration of such measures dependent upon their containing some feasible plan or program for obtaining the requisite revenue to meet the corresponding expenditure.

I am not advocating the English method of appropriating public funds. I merely make these observations as to the prevailing conditions in other countries in order that it may be seen just how difficult it is to charge the public treasury in those countries with indiscriminate appropriations. In this country it would not be necessary to adopt such strenuous methods. Further, I believe that such arbitrary Executive power would be contrary to our republican form of government.

It is well to consider, however, the practicability of adjusting the rules of our legislative bodies restricting indiscriminate appropriations covering items not contained in the Budget, unless there accompany such appropriations manner and means of raising the corresponding revenue. This would place upon the individual seeking these charges upon the Government finances the problem of devising ways and means by which to meet the particular obligations for which he is responsible.

Doubtless had such a financial program been established early in the history of this country, demands upon the Public Treasury would have been materially reduced. It would have awakened public interest in every appropriation bill considered by Congress. Instead of the public indifference which witnessed every appropriation, there would have been the corresponding public resentment against increased tax burdens.

The agitation of a well-organized minority, prompted possibly by local interest, would have been neutralized by popular indignation towards additional taxation.

The present agitation for the curtailment of departmental activities and Government bureaucracy will be of little permanent effect unless coupled with a revamping of legislative machinery restricting the future possibilities toward the same bureaucracy which we now seek to curb.

Let it also be remembered that the expenditure of enormous sums of money in what might be termed local projects has been made possible also through this same system of legislative machinery, a slight regulation of which would seem advisable with reference to appropriating public funds. [Applause.]

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. GARBER. Will not the gentleman also give credit to our system in this connection and mention the functions of our Committee on Appropriations which must act on all bills calling for appropriations?

Mr. HOGG of West Virginia. I was coming to that; I shall be pleased to.

Mr. GARBER. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. GARBER. Would not the gentleman also charge it up to the demands of the several localities upon the Government to create agencies to do this, that, and the other thing?

Mr. HOGG of West Virginia. Absolutely. It is a responsibility of the American people, coupled with local interests.

Mr. JENKINS. I would like to ask the gentleman a question. The gentleman's remarks show that he has made a very careful study of this proposition, and I would like to know his final recommendation. Does the gentleman think something should be done whereby the legislative branch would surrender some of its authority or should something be done whereby the executive branch would be given more authority?

Mr. HOGG of West Virginia. I may say to the gentleman that I am not in a position to be conversant with the rules of either legislative body to such an extent as to make a specific recommendation. I want to make this statement. By way of precedent, however, it has been taken care of in the English House of Commons through their standing orders which are the equivalent of the rules of the House of Representatives.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. EATON of Colorado. I was most interested in the gentleman's conclusion where he speaks of the ease of obtaining Government appropriations. Perhaps the experience of the gentleman has been different from mine, but I have attempted to obtain one or two very necessary appropriations and I have found it far from easy. I have found that full proof has to be made before committee after committee, day after day, and different Members satisfied that the project is correct, that the amount is correct, and even then we have had to wait from day to day and month to month to permit inquiry before we could get any place in having an appropriation made for a proper purpose.

Mr. HOGG of West Virginia. I would like the gentleman to understand that when I say "comparative ease," I mean in this legislative body in comparison with the legislative bodies of other countries.

I have in mind, specifically, various Government functions which have been initiated in the first instance for a small group of people, possibly, pervaded by local needs. This has usually been the beginning, and the matter has had a modest initiation, but in the intervening years it is gradually increased until it blossoms out and reaches into every section of the country and makes its influence widespread. I do not have in mind any particular item, but I mean as a general proposition in comparison with other countries in the way appropriations have been made.

Mr. EATON of Colorado. Would the gentleman say, then, that what is actually appropriated comes easy, but that everything else is either hard or impossible?

Mr. HOGG of West Virginia. The gentleman's statement is a little specious. I simply wanted to give this data with reference to the manner in which this has been done in other jurisdictions for whatever it may be worth.

Mr. EATON of Colorado. May I conclude with the statement that I simply want to point out it is not, in fact, easy to obtain a great number of proper appropriations? Many applications should never be considered at all except for the purpose of giving a hearing and disposing of the matter, and as to the general operations of the Government, this is a field where the appropriation appears to be easy and where many items have grown in a mushroomlike way.

Mr. JENKINS. Will the gentleman yield?

Mr. HOGG of West Virginia. Yes.

Mr. JENKINS. I would like to say to the gentleman that if he is interested in following further the theme of his address, he can find in the CONGRESSIONAL RECORD of a few days ago some comment by Senator WALSH of Massachusetts, made in the Senate, dealing with some of the phases of the question that has been gone into by the gentleman. Senator WALSH advances the theory that sometimes it is difficult for legislative bodies to apply rigid restrictions and that it is easier for an executive to hew to the line.

Mr. HOGG of West Virginia. Yes.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. SUMMERS of Washington. I think it ought to be stated that before any appropriation is made a bill authorizing such appropriation must be considered by a House committee and a Senate committee. It must have been reported on by the appropriate department of the Government and by the Budget, and it must be acted on by the House and by the Senate. Thus a bill even authorizing an appropriation is considered six times and must then be approved by the President. Then, when it comes to the matter of the actual appropriation, again it must be referred to the House and Senate Appropriations Committees, must be referred to the appropriate department of the Government, must be approved by the Director of the Budget, and must be acted upon by the House and by the Senate, and then approved by the President. So it has been considered and approved fourteen times before the actual appropriation is made and is available.

Mr. HOGG of West Virginia. And if I understand the gentleman correctly, that is by reason of the Budget Act of 1920.

Mr. SUMMERS of Washington. Yes. The procedure I outline is that followed since the Budget law of 1920 was enacted.

Mr. HOGG of West Virginia. I made specific reference to the origin of these bureaus and agencies which we are now seeking to contract, stating that the origin might be, and doubtless is, found in the fact that at some remote time they were created by some local influence backed up by insistent demands and hard work, we might say, which finally resulted in an appropriation.

As I understand, when Congress authorizes the appropriation of money or creates any kind of agency, the Committee on Appropriations feels a moral responsibility to carry out the intention of Congress. They can not sit as a monitor, and the responsibility is not on the Appropriations Committee.

Mr. SUMMERS of Washington. And still it often does not appropriate the full amount that has been authorized, and the committee is practically directed by the Congress.

Mr. HOGG of West Virginia. Yes.

Mr. SUMMERS of Washington. The gentleman has made a very interesting and instructive statement, but I thought it ought to be stated that consideration must be given by the Congress and by the committees and by the departments on at least several different occasions before money is actually appropriated. No one should believe it is easy to get money out of the Public Treasury.

Mr. HOGG of West Virginia. Yes; but I may say by way of observation that the power of the Appropriations Committee and its consideration of an appropriation bill can be rendered nugatory by indiscriminate additions to the appropriations which have even been recommended by the Committee on Appropriations; that is, the committee is not clothed with absolute power to deal with the appropriation.

Mr. SUMMERS of Washington. No; it is not; and, of course, through the legislative branch there should be many changes made and greater economies effected. However, the gentleman from West Virginia has made a very illuminating and valuable statement.

Mr. HOGG of West Virginia. I want to say to the gentleman, not by way of advancing any superior knowledge or any superior plan at all, I prepared this statement as a matter of general interest. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 25 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I have arisen to call attention of this distinguished audience in this national forum to a phenomenon in governmental reform that is taking place in the State house at Indianapolis, under the inspiration and guidance of an Indiana statesman, Gov. Paul V. McNutt.

I do this primarily because I believe the Legislature of Indiana at this very time, under the direction of Governor McNutt, is furnishing to the country a rather impressive object lesson of what the Congress of the United States may reasonably accomplish at the coming extra session on a bigger stage and a much larger scale as relates to reform in the National Government under an aggressive leadership of President-elect Roosevelt.

I verily believe that the same wholesome philosophy that has actuated Governor McNutt in the accomplishment of notable results in Indiana and a repetition of his direct, speedy, dynamic method of applying that philosophy to the correction of existing abuses in the National Government would enable President-elect Roosevelt, with the sustaining support of public sentiment, to write "finis" to Federal bureaucracy, which is a consummation devoutly to be wished. [Applause.]

Paul McNutt has been Governor of Indiana less than one month, but during that brief time he has made a record of dramatic achievement. He has demonstrated leadership and statesmanship of a very unusual order. Having to deal with an overwhelming Democratic majority in both branches of the legislature—a majority that might easily have run away under a weak leadership—he has been able to obtain

the full cooperation of that majority in a patriotic course that has magnificently subordinated political expediency to the public weal. As an Indiana Democrat, I am a little prouder of my party than I ever was before, and that is on account of the solidarity, the rhythm, the precision, the esprit de corps with which it is moving forward under the aegis of its capable governor to work much-needed reforms in the direction of simplifying our State government, reducing or abolishing extravagant commissions and boards, and lessening the load on the backs of the taxpayers. And I may add that I never before was quite as proud of our Republican friends and of the Republican newspapers of Indiana, because so many of them are forgetting partisanship and as citizens interested in good government are yielding to the dictates of patriotism in rendering to the governor the encouragement he so justly deserves in his great fight in behalf of the people of our State.

Governor McNutt has written a new meaning into our political platforms—a meaning that is expressed by the word "sincerity." For years, or almost until the memory of man runneth not to the contrary, political stump speakers roaming over Indiana in campaign times have inveighed against the boards and commissions with which our State government is ramified, to the great oppression of the taxpayers who have to pay the bills; but always the net result has been that after the election the legislature would add a few more offices, commissions, and tax-eating agencies to the bureaucratic structure that already was sapping the financial resources of the people.

On Governor McNutt rested a heavy sense of duty, and he set about immediately to redeem his solemn campaign promise that he would use the influence of his office to change this situation. He was sworn in as governor on January 9, and in less than one month he has brought forward and has secured legislative indorsement of a reorganization bill to take the government of Indiana away from the bureaucrats and restore it to the people. That plan no doubt has its flaws, but the fact remains that it is of epochal significance in the direction and impetus it gives to governmental reform in our State.

Seventy-three of the one hundred members of the house of representatives and 35 of the 50 senators—all but 42 of the 150 members of the legislature—have affixed their signed approval to legislation proposed by the governor, which gives him the power to wipe out all of the 86 boards and commissions and reorganize the State government into 8 departments in the interest of simple, direct, and efficient service with estimated annual savings running into the millions. Under the powers conferred upon the governor by this legislation, our Indiana bureaucratic Sampson is about to have his locks shorn. This reorganization measure is now on its way through the legislature, and the reaction to it throughout the State is generally favorable. It no doubt has defects, but these can be ironed out later. Possibly in its present form it concentrates too much permanent power in the chief executive of the State; but, if so, that can be corrected later by amendment. Objection is made to it on that score and some critics have called it a "Mussolini" bill, but the governor stoutly asserts that he has no intention to arrogate authority to himself. Most students of governmental reorganization believe the governor is the only official of a State who is powerful enough to force such an organization, and therefore the authority must be vested in him if the job is to be done at all. By the same token it is held that the President of the United States alone has the power to bring about a reorganization of the Federal Government, and that is the basis for the action of Congress which vests that authority in President-elect Roosevelt. It is essentially a 1-man job, whether in State or Nation. The important thing is that it is the first big step toward a real reorganization of the State government.

Already Governor McNutt's plan has been indorsed by the Indiana State Chamber of Commerce, the Indiana Farm Bureau, the Indiana Manufacturers' Association, the Indiana Federation of Labor, and other nonpolitical organizations that speak for powerful component elements of our

citizenship. More remarkable still, it has the unqualified indorsement of H. H. Evans, Republican floor leader of the Indiana House of Representatives, who says in a statement issued to the public:

Our trouble has always come from the appointive officials with boards and commissions that have constructed political machines to distribute patronage and keep themselves in office until we find ourselves surrounded by corruptionists of the worst sort who defy their removal. This bill, which gives the governor wide authority, would make it possible for the people to place responsibility.

While the mills of the gods are grinding in the interest of the people in Indiana, is it too much to hope that they will soon be grinding in the interest of all of the people of the United States in Washington? I think not. All that is needed to effectuate a reorganization of the National Government to curb bureaucracy and uproot overmanned, tax-consuming bureaus and commissions in Washington is the same sort and quality of leadership that Gov. Paul McNutt is displaying in Indianapolis. I believe we are assured of that leadership in the splendid, patriotic, able gentleman who has been chosen as our President during the next four years.

One thing for which I hope and pray is that President-elect Roosevelt will be able to have ready for presentation to Congress when it meets on the opening day of the special session in April a complete, well-considered, and drastic plan to reorganize the Federal Government, and that it will be pushed with the same celerity and force that is being exhibited in reorganizing the State of Indiana to meet the exigent public demand for less bureaucracy, less paternalism, and more economy in government. [Applause.]

It should not be overlooked that time is the essence of this situation. If the proposal can be presented on the opening day and pressed to immediate conclusion with all the power and energy that radiates from the rising sun, the incoming President will have a much better chance of success than if it is delayed until the multiplied elements of opposition and antagonism have time to marshal their forces against it. The game of the personal and group interests that profit by a maintenance of the existing bureaus, boards, commissions, and varied forms of privilege and graft will be to make a play for delay. Every day that passes without action will strengthen their hand.

Fortunately, the factors are already in view to enable the President elect to act with directness and thoroughness. The Congress of the United States, by an amendment to the Treasury and Post Office appropriation bill, is giving to Mr. Roosevelt, among other broad grants of power, the right "to abolish the whole or any part of any executive agency and/or the functions thereof."

Congress last year placed President Hoover in the anomalous and unfair situation of directing him to reorganize the Government without giving him legal authority to do the job. The enabling legislation carried in the economy act did not permit him to abolish even one of the great number of superfluous bureaus and useless tax-consuming agencies with which our Federal bureaucracy is honeycombed and the cost of which has fixed an unbearable burden on the taxpayers of the country. It was the same as if Congress had said to the President, "You are to build a new temple of government in this country, but you shall not have a single tool to do it with."

I have no criticism to offer against the President. I have the utmost faith in his integrity and honesty of purpose. He no doubt has done the best he could under the strict limitations of the power conferred.

It was simply not possible, under the strict legislative restrictions placed upon him, that he could bring forth a satisfactory plan of reorganizing the Government, and I submit to the oppressed taxpayers of the country this question:

What does a governmental reorganization amount to that does not abolish a bureau, fire a bureaucrat, or save a dollar?

It is worse than a pyrrhic victory over bureaucracy.

It is no wonder that Colonel Roop, Director of the Budget, the President's close friend and collaborator, suggested that

the matter be allowed to go over, so that the President elect, operating under more ample powers, may do a more thorough job of reorganizing the Government.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. LUDLOW. I yield, with pleasure.

Mr. EATON of Colorado. The President sent certain recommendations to Congress, and according to the hearings before the committee, Colonel Roop recommended that those recommendations of the President be not followed, and that the whole matter go over. Was not that a retraction by Colonel Roop of his previous attitude?

Mr. LUDLOW. I can not tell the gentleman, for I do not know what his previous attitude was. I know what he said to the committee. He recommended that the whole matter go over until the new administration comes in.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. LUDLOW. Yes.

Mr. WHITTINGTON. I think the record will bear out the statement of the gentleman from Colorado.

Mr. LUDLOW. In my opinion no reorganization of the Government would be acceptable that does not eliminate at least two departments and many scores of bureaus, boards, commissions, and other tax-eating agencies, strike thousands of names off the pay roll, and reduce the charge on the taxpayers many hundreds of millions of dollars.

Fortunately, Mr. Roosevelt, in his great task of uprooting Federal bureaucracy and restoring government to a simplified and economical form, will not be held in check by any of the handicaps that have beset President Hoover. He is given authority to prepare and present to Congress a plan that will strike all of the bureaucratic excrescences off the structure of government, consolidate activities that are doing the same, or substantially the same, work, and reduce the Federal pay roll to the minimum. He has brought to his assistance one of the brightest minds in America. He has delegated the preparation of his reorganization plan to former Representative Swagar Sherley, of Kentucky, who for many years was chairman of the Appropriations Committee of the House, whose great intellect and inexhaustible knowledge of the Government's fiscal affairs are subjects of admiring comment among all of his friends and acquaintances.

The reorganization of the Government is, as I conceive it, the biggest job before the incoming national administration. It is a job where superficialities must be set aside and we must strive to attain the fundamentals. No slap on the wrist will suffice; it must be a major operation. It is stimulating to the pride of a Hoosier Congressman to believe at least that in this great undertaking a Hoosier governor and a Hoosier legislature have pointed the way. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman, we all know that we have before us for attention at some future date the business of determining what we are going to do with the Farm Board. I want to make a brief statement having some bearing upon this question.

When the board was set up it took on as its publicity man Edgar Markham. He continued in that position until something over a year ago, when the board was somewhat reorganized in the interest of economy, and Mr. Markham took the position as secretary of the board.

So, to-day, Mr. Markham knows more about the Farm Board and its operations than any other man in the country. About the middle of January, Mr. Markham gave notice that on the 1st day of February he would sever his connection with the board. He disclosed to no member of the board, or anyone else connected with this agency of the Government, what he would do after leaving the board.

But on the last workday of January he remained in his office until after everyone else had left, and on the next morning there was found on his desk a statement that he had taken employment with the committee of the Grain Exchange, which is made up of the Chicago Board of Trade and the Kansas City and Omaha Boards of Trade, and other

exchanges. The notice was that he was taking employment with that committee as its Washington legislative representative.

I merely call your attention to that in order that you may form some idea or in some way be informed as to the methods that are being employed on the part of certain private interests to destroy the one agency that Congress has set up to serve the agricultural classes of this country.

I venture the observation that no reputable competitor would under such circumstances do such a thing as this committee of the Grain Exchange did in this particular instance, and that is, in an underhanded manner, buy the confidential agent and representative of a competitor. The board is the only agency in this country offering any effective resistance to the operations of the exchanges. We must keep these things in mind in dealing with this problem. We can not afford to follow blindly the promptings of the private trader.

In this same connection—that is, as having a bearing upon the question of what Congress will do with the Farm Board and as to what is going to be the policy of the Congress hereafter—I beg your indulgence to read into the RECORD in my time a brief statement made by Lord Astor upon the occasion of his recent visit to the United States. He said:

Those who fear the result of assisting agriculture to a place of parity with industry should inform themselves on what is being done in other countries to give direct governmental assistance to the farmers. Only the last week in 1932 the French Government voted \$12,000,000 to an embryo farm board to support the prices on a surplus of wheat carried over into the new year. From 1900 to 1928, the latest figures obtainable, the French Government loaned 1,168,557,951 francs to farmers, and of this amount 23.4 per cent was for long-term loans to cooperative-marketing associations. There are 5,730 farm-credit societies in France, having a membership of 383,000. There are 9,000 cooperative-purchase societies, with a membership of 1,225,000; 1,500 cooperative cheese-making societies, with 70,000 members; and 2,877 societies for cooperative marketing and production. In Germany, during the second half of the nineteenth century, in the face of an increase in the rate of rural depopulation, the sentiment grew that agriculture was not merely an industry but that it had a special claim upon the attention and assistance of the Government. A credit system both for long and short term loans was built up, which for efficiency and for terms which it was able to give was probably without parallel in any other country.

During recent years Germany has made a marked increase in the number of her cooperative societies, and these have played a large part in determining the economic status of that country's agriculture. At the beginning of 1930 there were 40,845 agricultural cooperative societies in Germany, having a membership of over 4,000,000 farmers, or one-third of her total farm population.

Over 40 countries of the world have laws paying bounties to or otherwise assisting agriculture, and 26 countries have some form of laws relating to compulsory cooperation.

Mr. LUDLOW. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

REDUCTION IN CONGRESSIONAL SALARIES FIRST STEP TOWARD FURTHER REDUCTIONS

Mr. WHITTINGTON. Mr. Chairman, the chief problem confronting the country is the burden of taxation. There should be further reduction in the expenditures of government. It is estimated that the Federal Budget for 1934 is \$3,775,884,000. Federal salaries and wages are estimated to be \$1,250,000,000. If the economy act is continued, the reduction will be approximately \$89,000,000. But the country has gone from bad to worse since Congress passed the economy act in 1932.

The Democratic platform announced that a party platform is a covenant with the people. It declared for an immediate and drastic reduction of governmental expenditures to accomplish a saving of not less than 25 per cent. It has been repeatedly said that it also declared for an immediate modification of the Volstead Act within the limits of the Constitution. I emphasize that at least the same immediate action was promised respecting reduction as was promised in the matter of modification. The reduction in salaries will not completely solve the perplexing problem confronting the country. But further reductions will be a distinct contribution. They are vital and essential.

President Hoover in December, 1932, recommended retaining the furlough and an additional reduction of 11 per cent,

with an exemption of \$1,000. The Bureau of Efficiency estimates that under his recommendation Federal salaries and compensation would have been further reduced \$55,000,000. The salaries of Members of Congress would have been reduced from \$9,000 to \$8,120.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. In just a moment. I want first to complete my statement and then I shall be glad to yield.

What has the House done? What further decreases have been provided? What substitute for the decrease offered by President Hoover has the House proposed? Thus far we have provided to continue the economy act for another year. The people are not satisfied. They demand further reductions. It is time for action. We have talked economy enough.

There is a spirit of unrest and dissatisfaction among the people. Many have lost faith in the Government. There must be the tonic of self-sacrificing example.

I believe that all salaries should be further reduced. All employees of the Government receiving the same salaries as Members of Congress should have the same or greater reduction. I favor a progressive and graduated reduction, with a reasonable exemption. I advocate a larger percentage of reduction in the higher salaries.

I am a member of the Committee on Expenditures. I favored consideration and report on bills pending before that committee for general reduction. I supported the Economy Committee and voted for all reductions proposed. I have continued to advocate reductions. I have waited until the Committee on Appropriations proposed this session to continue the provisions of the economy act, and I remind the House that this was legislation upon an appropriation bill. It was made in order by special rule. I have introduced a bill not only to reduce salaries of Members of Congress but to reduce the salaries of all Government employees receiving more than \$1,000, with reductions ranging from 10 to 30 per cent. I proposed a separate bill for reducing the salaries of Members of Congress to \$7,500. The same reduction is made in the bill for reduction of all salaries. I waited until the other body had failed to make further reductions before I introduced bills to reduce.

The reductions I propose are as a substitute for and not as an addition to the furlough plan. The Bureau of Efficiency has estimated that the reductions proposed in the bill that I have pending before the Committee on Expenditures, with a minimum exemption of \$1,000, will aggregate \$170,000,000 if substituted for the furlough plan.

OBJECTIONS TO REDUCTIONS

I am familiar with the arguments in opposition to the further reduction of salaries. It is said that living expenses have not decreased in Washington. I answer that they will not decrease until Federal salaries have been further reduced. Moreover, there have been some decreases.

It is said that Members of Congress should receive \$10,000. I answer that \$7,500 in 1933 generally will go as far as \$10,000 in 1925 or 1929. I also reply that reduced salaries generally will purchase as much as normal salaries in normal times. I know that the work of Members of Congress has increased during these times of stress and depression. If we were able to discharge our duties with the salaries and allowances in 1929, we can do the work on smaller salaries and allowances in 1933.

It is said that Federal employees have relatives in other sections of the country and family obligations. So have the clerks, so have the women who work in stores and offices throughout the land. It frequently happens that they are supporting aged parents or widowed mothers. It is said that the laborers who received wages from the Government should not have a reduction. The women who scrub the libraries and public buildings of the country have taken their reduction. I know of no good reason why the same reduction should not apply to Washington. Again all Federal salaries are not paid in Washington. Living expenses have decreased generally in the country.

It is maintained that corporations and big business insist that Congress make further reductions so that commercial institutions may reduce. The fact is that business and commerce have already reduced. Patriotic citizens in the store and on the farm and in commerce, have all reduced and their employees have expected reductions.

It is said that the buying power will be reduced by the reduction of Federal salaries. Salaries can only be paid by taxes. I assert that the buying power may be more widely distributed by reducing the salaries to enable the taxpayers to buy more of the comforts if not the necessities of life.

It was estimated during the consideration of the economy act in 1932 that for the previous two years wages generally in the country had been reduced 14 per cent, subordinate salaries 16 per cent, and executive salaries 20 per cent. It was estimated that Government employees receiving around \$2,000 were receiving larger remuneration than those doing similar work in private life received. It is known that in the past year further reductions in salaries in civil life have been made.

Congress should take the first step. It is said that Members of Congress hesitate to make further reductions because they refuse to reduce further their own salaries. Let us meet the issue and we can meet it better by example than by talking. We can meet the issue better by taking the lead. If we reduce our own salaries first, we will be in position better to consider impartially further reductions. It is not so much a question of the amount of the reduction of Members of Congress but it is the fact of reduction, for there is a general feeling that Congress has evaded real reductions.

When congressional salaries were increased in 1925, increases in other governmental salaries followed. Members of Congress were reminded that they had increased their own. Others in the Federal service urged increases. If increases followed the increases of congressional salaries, decreases will follow their reduction.

It is urged that salary reduction is a legislative matter and that the Appropriation Committee is without jurisdiction. General reductions can be made in order in the House by a rule or attached as a rider in the Senate. But it is said that reductions should be considered by the legislative committee. They have been considered. The Committee on Expenditures has made no reports. The Economy Committee held long and extensive hearings. Their reports are available. More consideration was given to the reduction of salaries than to any other question.

It is said that all who receive the same salaries that Members of Congress receive should have their reduction at the same time. I agree to the principle. I think that Congress would make a mistake and do not believe the people of the Nation expect us to reduce our own salaries without following by reducing others. But I do believe that the country will applaud Congress taking the first step. I am reminded that congressional salaries were raised from \$5,000 to \$7,500 at a lame-duck session in an appropriation bill without general salary revisions, on February 26, 1907.

Mr. COX. Will the gentleman yield?

Mr. WHITTINGTON. A little later I will be glad to yield. I am also reminded that after the rules of the House were islate in 1925, and the same rule now obtains, congressional changed when the Committee on Appropriations did not leg-salaries were raised by a rider attached to an appropriation bill in the Senate and by a lame-duck Congress.

If it be argued that the reduction of 25 per cent is too great, I remind you that previous increases have been in the sum of \$2,500. We have reduced \$1,000. We should reduce \$1,500. Democratic Members of Congress should follow the platform of the party.

It is urged that the matter of further reductions should be for the new administration. If it was the immediate duty of Congress to consider repeal and beer, it is the immediate duty of Congress to consider reductions. Moreover, if the salaries of Members of Congress are reduced for the next fiscal year, such reductions can be made in other salaries during the present session or at the extraor-

dinary session. Both would be effective during the next fiscal year.

The legislative committees have made no reports for further reductions. Bills have been pending for more than a year. Under the rules, we can reduce our own salaries in the legislative appropriation bill. Under the rules, the Senate can attach a rider reducing all governmental salaries. The House should set the example. The House passed the economy act first.

I am reminded that the adoption of the lame-duck amendment will reduce the term of the Members of Congress by two months. This is no information. Congress knew that such would be the case when the amendment was submitted. But Members of Congress and their successors must be paid. It is not a question of who receives the salary, but a question of the amount of salary paid. Nor do Members of Congress pay any more income taxes on their salaries than those receiving similar salaries in private life. We pay no State income tax on our salaries.

It is time for Congress to set the example to the country. It is time for Congress to assert its leadership. It is time for Congress to make good our own preachments by our own deeds. The people of the United States are now confronted with an emergency more serious than war. It is time for sacrifice. The best way to secure further reductions in the expenditures of Government is for Members of Congress to take the initiative in reducing their own salaries. Publicity should characterize all expenditures by Congress. The reduction of congressional salaries will give new hope and new confidence to the country.

What is the duty of Congress? It is time for Members of Congress to assert their leadership. When the people are without jobs, when citizens are losing their homes and their farms, it is time for Members of Congress to sacrifice. Oh, we can find excuses. Let us take the lead in really solving the problems of government.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. LUDLOW. Mr. Chairman, I yield five additional minutes to the gentleman from Mississippi.

Mr. WHITTINGTON. This is my thought: My colleagues are entitled to their own opinions. I am entitled to mine. If the Congress of the United States will set the example, if we will put our own house in order, if we will say we are willing to work more for less and to sacrifice, it will give the people of the country hope and cheer. It will create confidence in the Government as nothing else will do.

Mr. BOYLAN. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment I will be glad to. I say, we should reduce our salaries in the pending legislative appropriation bill, as under the rules general salary reductions are not in order. Then, under the rules, the other body, the Senate, will be able to make general reductions so that all Government employees may have similar reductions.

I stand for further general reductions. But if we are unable to secure general reductions of all salaries, I favor Congress taking the lead. Then what will happen? In 1925, when we increased our salaries, other salaries and other allowances were increased, and they went higher and higher. I believe the increase was justified in 1925 and that the reduction is justified now. Federal salaries generally have been increased before Members of Congress increased theirs. There is no valid argument for increase in prosperous times if we do not reduce in periods of distress.

Mr. McKEOWN. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment I will be glad to yield. I now assert that if we decrease our own salaries other reductions will follow.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BLANTON. The gentleman knows there are employees of this Government drawing salaries of \$15,000, \$16,000, \$20,000, and even \$30,000 a year. Is the gentleman willing to vote for a bill to fix a maximum of \$7,500 a

year as the highest salary any official may draw, except the constitutional offices, which Congress can not control?

Mr. WHITTINGTON. I have introduced a bill that will not interfere with the constitutional offices at all. My bill proposes graduated reductions from 10 per cent to 30 per cent, and if the gentleman wishes to make them higher I will consider further reductions in the highest salaries. The bill is not perfect, but it will serve as the basis for general reductions. I only favor equal and fair treatment to all Government employees.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. COX. The gentleman has somewhat anticipated my inquiry. I would like, however, to refresh his mind by stating that the raise of pay of Members of Congress followed the raise of pay of everyone else in the employ of the Government.

Mr. WHITTINGTON. What is the gentleman's question?

Mr. COX. It is this: The gentleman referred to two bills he has introduced. Could he not consolidate them in the interest of either one of the propositions he is advancing?

Mr. WHITTINGTON. Yes; that could be accomplished very simply if the leadership of this House will bring in a rule for the insertion of a paragraph no longer than the paragraph inserted legislatively on the Treasury appropriation bill, continuing the furlough plan, and I urge the Rules Committee so to do at once.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BOYLAN. I have great respect for the gentleman and for his opinions. I know he carefully examines matters that come before this House.

Mr. WHITTINGTON. Thanks; will the gentleman ask his question? I wish to conclude.

Mr. BOYLAN. The gentleman realizes we reduced our salaries last year 10 per cent.

Mr. WHITTINGTON. We did; and we reduced everybody else 10 per cent who received the same salary. What is the gentleman's question?

Mr. BOYLAN. I will ask it if the gentleman will give me an opportunity.

Mr. WHITTINGTON. I am perfectly willing that the gentleman shall ask his question, and I will very gladly answer it.

Mr. BOYLAN. Does the gentleman think a Member of Congress can maintain a home in his district, live half decently in Washington, and take care of the thousand and one demands made upon him for less than \$9,000 a year?

Mr. WHITTINGTON. Answering the gentleman, may I say, I think Members of Congress, like other laborers, are worthy of their hire; and, as I have already said, I repeat again, if we could live on \$10,000 a year in 1925 or 1929, when the salaries were increased, we can live on \$7,500 in 1933, for if the costs of living have not yet decreased in Washington they surely will, and \$7,500 will buy just as much as \$10,000 bought seven or three years ago.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, under leave to extend my remarks, I merely desire to say that the gentleman from Missouri [Mr. COCHRAN], chairman of the Committee on Expenditures, opposes further reduction in salaries, and I favor a further reduction. Several bills to reduce all governmental salaries were introduced during the present Congress. Some bills to reduce salaries of Members of Congress alone were introduced. The Committee on Expenditures tabled these bills. I have already stated that I waited for the Economy Committee last session. The Committee on Appropriations under a special rule this session provided for the continuance of the furlough plan. It was then said that there would be further reductions in the Senate. It is now apparent that the Senate will not make reductions. I have asked the Committee on Expenditures to consider the bills introduced by others. When it became apparent that other bills would not be considered, I introduced further bills myself as the basis of further reductions. I asked for hearings. I have never asked for an immediate

report, without asking that any who wanted to appear in opposition might have the opportunity to do so, but I urged action and opposed delay. It comes with rather poor grace from the chairman [Mr. COCHRAN], the gentleman from Missouri, who, according to the Washington Evening Star of February 1, stated my bills would die in the committee, to state that I demanded immediate report, when he himself stated substantially that the bills were useless, as he objects to the bills being reported.

With respect to the bill that I introduced to provide for the reduction and change in the method of payment of clerk hire, I have this to say: I believe Members of Congress generally expend more than they are allowed in the discharge of their duties. But there is criticism of our system. I desire to improve our method. I am more interested in the method or system proposed in the bill I introduced than I am in the reductions suggested in the bill relating to the clerks. I so stated to the chairman of the committee and to the Committee on Expenditures. I believe that there can be an improvement in the method of handling the clerks' allowance. I went so far as to say to the chairman—and I say now—that if the committee will report the amendment substantially as I offered, I will offer it with the salary just as it is now fixed by law. The chairman of the committee utterly misunderstands H. R. 14483, which I introduced, with respect to the method of paying clerk hire. The purpose is to provide that all of the allowance except about \$900 shall be paid by the month to the clerk or clerks employed. There is the provision that the remainder may be paid, not by the month, nor to the Member, but to the person named in the voucher, for services rendered, either in monthly installments or otherwise. My purpose was to improve the present method. If the salary remains just as it is, the effect of my amendment would be the same. It would provide that the difference between the maximum salary which could be paid to one clerk named in monthly installments would be paid on the order of the Member when and as required and be paid to the person named for services rendered, whether by the month or otherwise; not a single dollar of the entire allowance would be paid direct to the Members or to anyone except for services rendered as shown by written order.

The heart of the amendment with respect to clerks is to eliminate the provision that the supplemental allowance of approximately \$900, whether under the present rate of compensation or in the salaries I suggest, and I am agreeable that reasonable salaries should be paid only to the person that does the work named in the written order on voucher when and as the work is done. If the present system can not be improved on, then my amendment is not entitled to consideration, but many Members, including myself, have said that the system should be improved. My purpose is to aid in improving the method, so that all payments may be made to regular clerks or clerks by the month and to supplemental employees when and as they do the work and not by the month.

I have heretofore referred to the bill I introduced for the reduction of all salaries, pay, and wages. In a word, this bill provides for the reduction of salaries from \$1,000 to \$1,500, 10 per cent; from \$1,500 to \$3,000, 15 per cent; from \$3,000 to \$5,000, 20 per cent; from \$5,000 to \$10,000, 25 per cent; and above \$10,000, 30 per cent. The bill is intended as the basis for further general salary reductions, to be graduated and made progressive. There is a proviso in the bill that the salary rate of a position in one group shall not be reduced below the reduced rate provided for in the highest salary of the next lower group. Either this bill or similar bills, long and well considered by the Committee on Economy and Congress, could be made in order by the Committee on Rules in the pending legislative appropriation bill. The machinery to reduce generally is easy. The point is that Congress must first decide to reduce.

My whole thought is that all governmental salaries and wages should be reduced. I know that Congress has made economies otherwise. But that is beside the point. I know that other economies are essential. I know that reduc-

tions are vital. I am not to be misunderstood. I have made my contribution. I am not asking that the allowance for clerks be considered separately and independently from the allowance to other governmental employees. The clerks of Members are entitled to the same consideration that all other governmental employees are entitled to. If I am not able to secure consideration of an amendment to provide for general further reductions, I do not want Members to have the excuse that they do not favor reducing the salaries of clerks. I will present the concrete issue in an endeavor to meet the test, and ask that Members first reduce their own salaries, and I will urge that clerks allowances be considered when and in the same ratio that all other governmental clerks are reduced. Economy is better than taxes. Taxes are better than borrowing. Further reduction in governmental salaries and expenditures is the first step to economic recovery.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LaGUARDIA].

Mr. LaGUARDIA. Mr. Chairman, at another time I hope to have the opportunity of replying to the gentleman from Mississippi, but I want to say at this time that one of the most important matters confronting this Congress which requires action before the session closes is the economic situation of the country. I have spoken on the subject many times. We must act.

Mr. Chairman, this depression has created a new class of profiteers, a small group of people who are able to exploit the misery of the American people and who are slowly but gradually increasing their holdings of the property of this country. Every foreclosure means that property is being concentrated into fewer hands in this country, and unless we bring a halt we shall find that we have here a system of absentee landlords, of tenant peasants, of exploited and impoverished working men and women that will destroy the very fundamentals of American institutions.

Mr. Chairman, several months ago, and again several weeks ago, I called the attention of the House to the necessity of reducing interest rates. If we can bring down interest rates, we will under existing law be able to save the homes of thousands and thousands of small owners and the farms of thousands and thousands of farmers throughout the country. Let us admit the facts. We can not ignore what has taken place in several sections of the country where government has broken down, where the mandates of the court dare not be enforced.

Mr. Chairman, do you realize what this condition means? And yet it is the accepted thing to do, as horrible as it may seem.

Mr. Chairman, when we come out of this crisis—and we can only come out of this crisis by bringing about an economic readjustment—when the history of this period shall have been written from a distant perspective, the farmers of Iowa who resisted to protect their homes will take their places in history along with the patriots who took part in the Boston Tea Party.

Mr. Chairman, several of the large financial institutions have accepted the inevitable. The New York Life, the Prudential Life, and the Aetna Insurance Co. have declared that they would bring no foreclosures in the State of Iowa. Naturally this will necessarily have to follow in other States, but that is not the final solution. We enacted the home loan bank law and every Member hoped, when he voted for that law and the appropriation of \$125,000,000 for the stock of that bank, that it would bring comfort, relief, and protection to the individual home owner. To date it has relieved only the money lenders—the high-interest sharks.

Every mail delivered to my office, and I believe it is the same with every other Member of Congress, brings letters of splendid American citizens who are losing their homes, yet the only response we can get from the home-loan bank is that they are assisting building and loan associations and local banks.

Mr. BURTNESS. Will the gentleman yield?

Mr. LaGUARDIA. In just a moment.

I have a letter here from a citizen in New Orleans, La., who has been struggling since 1920 paying installments on his home. The mortgage on his home is owned by the Fidelity Homestead Association of New Orleans (one of these building-and-loan-association outfits). He has been paying his monthly payments since 1920. On January 17, 1933, he received this letter:

This is to advise you that your payments on account of book number — have not been satisfactory. We must now insist that you immediately bring your dues, amounting to \$72, up to date, and beginning January 31, 1933, that you must make your regular monthly payment of \$18. We wish to again remind you that you have failed to live up to your contract with reference to the payments due, and we must insist that from now on your payments be made regularly each month. Otherwise it will be necessary for us to take other action in the premises.

This man was informed that they would commence foreclosure action. He writes me as follows:

I have been out of employment as a salesman for 12 months, and now you will see that the Homestead Association talks of taking my little home for \$70.

This is the kind of homes Congress intended to protect. This splendid citizen, who through no fault of his own is now temporarily out of employment, must not lose his home. He and his family have stinted and saved for years. Since 1920 he has made regular monthly payments averaging \$30 a month. I have his book right here. This case is typical. If this kind of citizen is permitted to perish, the country perishes with him.

Yesterday an elderly lady of culture and refinement sent her card in and I went out to see her. She has a little home in New Jersey that she has been maintaining for years, a home that has been in the family for years. She is threatened with foreclosure owing to her inability to keep up the interest payments. And it was the State of New Jersey in the other body which hailed the home loan bank law as the solution of our troubles and which went to every limit to defeat my amendment prohibiting usurious rates of interest.

This is only a sample of the number of letters (illustrating) that have come in in the last few weeks with reference to foreclosures on homes.

The other day when the Reconstruction Finance Corporation made its report in response to the Howard resolution, I found that the Prudence Corporation, of my city, had received loans from the Reconstruction Finance Corporation of some \$18,000,000, and there is not a more despicable, lower gang of loan sharks and usurers in the whole country than that gang that controls and operates the Prudence Corporation. They are foreclosing every day on property on which the mortgage has been almost paid in. They are not the type of individuals or the nature of a business that should be aided. One of the officers of the Prudence Corporation was exposed by the Senate committee as a stock gambler, a stock rigger, and a short-sales expert.

Surely it is within the power of Congress to remedy that situation. Surely we can adjust the loans made by the Reconstruction Finance Corporation on satisfactory assurance that the relief will be reflected to the home owners and the farm owners, and not given to the companies charging usurious rates of interest. Surely we can direct loans to be made to new and productive and labor-employing enterprises. We are spending millions and millions of dollars, knowing that eventually we will have to absorb a percentage in losses. We do so to meet an emergency, but the benefits and the relief are not going where Congress intended they should go. We have outlived the period of 6 per cent interest, not alone 8 and 10 per cent, as some of these loan sharks are now charging. Six per cent interest to-day is just as obsolete and antiquated as the old debtors' law that would place a man in prison for debt. We outlived the pound-of-flesh provision in the debtors' bond; we must abolish the 6 per cent interest rate.

The people who control the money and property in this country had better realize this, and they are commencing to realize it.

I have seen but one ray of hope in a long time; it is very comforting, and I want to bring it to the attention of my colleagues for their consideration. I received a telegram from New York, strange as it may seem, stating:

FEBRUARY 2, 1933.

CONGRESSMAN LA GUARDIA,

House of Representatives, Washington, D. C.:

In an effort to save thousands of homes from foreclosure the mutual savings banks of New York are being strongly urged to reduce the interest charged borrowers on bond and mortgage, who in the main are small home owners, to 4 per cent. This will require these banks to reduce the interest paid depositors to 2½ per cent, and this will be impossible unless the interest paid by the postal savings bank is reduced, which should be done at the earliest moment. It is imperative that instant attention be given this matter.

WILLIAM M. CALDER,
2703 Avenue U, Brooklyn, N. Y.

Mr. William M. Calder is a former United States Senator from my State. He himself is engaged in the building industry and speaks with authority on this subject.

If the savings banks are really considering this, it is a very hopeful sign.

I am informed that these mortgages range from 5½ to 6 per cent. Six per cent is our legal rate of interest in New York. A reduction to 4 per cent is a step in the right direction. It will be a great help. Now, as to—

This will require these banks to reduce the interest paid depositors to 2½ per cent.

This is fair. There can be no objection to that, Mr. Chairman, because if we are demanding reduced interest rates we mean reduced interest rates all the way down; and then—

This will be impossible unless the interest rate paid by the postal savings banks is reduced, which should be done at the earliest moment. It is imperative that instant attention be given to this matter.

I believe this suggestion is worth very serious consideration. If the savings banks bring down their interest rate, if they in turn will bring down the interest rates on all outstanding mortgages to 4 per cent, I, for one, would be willing to vote to bring down the interest in the postal savings bank ½ per cent; and, mark you, no one has fought any harder for the postal savings bank than I have. But the whole interest structure has got to be brought down, because the longer this crisis continues the more property will be concentrated into a few hands. No matter what you may do with inflation after that, they will have the property.

I believe the Reconstruction Finance Corporation loans should be made, as I have said before, only to such institutions where assurance is given that the benefits will reflect to the borrowers and that the interest rate to such borrowers ought to be reduced to 3 per cent.

Mr. Chairman, what are we going to do about the farm mortgages? We passed a bankruptcy bill here the other day. The railroad reorganization will take care of the railroads, the corporation reorganization will take care of corporations; but, let us be frank, the provisions as to the individual will not entirely solve the problem of our farmers. The stay of execution or the stopping of judicial machinery can not continue indefinitely. We must substitute these farm mortgages.

I believe it will be difficult to refinance them. I do not know where we are going to get the money. I think there is about \$11,000,000,000 of farm mortgages.

Mr. GILCHRIST. Nine and a half billion dollars of mortgages on land. Since the many foreclosures, about nine billion.

Mr. LA GUARDIA. But we can substitute those mortgages. What we ought to do, and what I believe will be done eventually, and we must not delay, is to provide machinery through the Federal farm-loan banks, if you please, or any other Government agency, to bring about the substitution of a new mortgage with a low rate of interest. A mortgagee who has been stayed does not know the future value of his mortgage. The insurance companies of my city or the banks of your State can not operate a farm and

the American farmer is not adapted, and I am glad of it, to becoming a tenant peasant. Therefore, we can cause such farm mortgages to be exchanged for a new mortgage at not more than 2 per cent interest and 1 per cent amortization, or 2½ per cent interest and one-half per cent amortization. The interest could be guaranteed by the Federal Government. This, indeed, would permanently relieve the farmer and would be a fair way of solving the problem.

Mr. Chairman, we must provide this amortization. We can not take the hope away from the farmer. He must at least have the hope that his children will have the farm free and clear some day, and I say this after having given the subject many months of study, after realizing the condition this country is in. It is either 2 or 2½ per cent interest on the mortgaged farms or no interest at all. We might as well talk plainly.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LA GUARDIA. Yes.

Mr. STRONG of Kansas. Has the gentleman been advised that the commercial banks, in order to prevent the building and loan companies from joining the home-loan bank system, are serving notice on them that if they do join the system they must pay them every dollar they owe?

Mr. LA GUARDIA. All right, then; let the Reconstruction Finance Corporation get after those banks.

Mr. STRONG of Kansas. I just wanted to know whether the gentleman knew what the commercial banks are doing to try to restrict the organization of the system.

Mr. LA GUARDIA. Let the building and loan associations first bring down their interest rates and then let them bring the condition the gentleman states to the knowledge of the home-loan bank and let the home-loan bank coordinate with the Reconstruction Finance Corporation and we can stop that practice quicker than you can say "Jack Robinson."

Mr. STRONG of Kansas. I agree with the gentleman.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. LA GUARDIA. Yes.

Mr. SUMMERS of Washington. I agree with the gentleman that interest rates must be much reduced. They are not in harmony with commodity prices; but in view of the widespread misunderstanding of the people as to what Congress can do to control them, will not the gentleman discuss that question and state how far we can go and how much depends on the State legislatures? In most instances interest rates can only be lowered and foreclosures of mortgages prevented by the State legislatures.

Mr. LA GUARDIA. Yes. Our helplessness is pathetic. It is difficult for a farmer who is about to be dispossessed or a wage earner, such as our friend from New Orleans, to sit down and try to analyze constitutional questions as to the power of Congress. He has always looked upon his Federal Government as a strong, almighty government. So I believe we can do this. I believe, first, we can refinance all of the outstanding indebtedness of the United States and bring that interest down. No one will question the power of the Government to call in outstanding bonds and issuing new ones.

Mr. ARNOLD. Will the gentleman yield?

Mr. LA GUARDIA. Yes; but I want to answer the gentleman from Washington.

Mr. ARNOLD. Does the gentleman think that with that low rate of interest we can induce private capital to invest in farm mortgages? If not, then it means that the Government would have to assume the entire obligation of financing all mortgages, and how will the Government raise the money?

Mr. LA GUARDIA. The question propounded by the gentleman from Illinois is easy to answer, because the question is an old one. The answer is this, that if the bankers do not invest in securities carrying 2 or 3 per cent, they will have nothing to invest in. If the Government breaks down, private capital will lose all. The farmers will not lose their land. The capitalist, if he does not invest his money, can not eat it.

It is time to take an inventory. These are new conditions, and capital will have to adjust itself to new circumstances, and 3 per cent is most generous, because in 10 or 15 years it will be much less.

Now, the first step is to reduce the interest on Government investments by proper and intelligent refinancing of the national debt. Second, by using the tremendous power of the Reconstruction Finance Corporation in loaning money at a low rate of interest with the condition that those that they loan to must in turn charge a low rate of interest to their borrowers.

I have repeatedly said on the floor of the House and stated that the rate of call money—and call money is the brokers' loans, loans made to assist speculative transactions and gambling on stock and commodity exchanges—call loans are 1 per cent a year. That is fixed every morning, and if they can fix gamblers' rate of interest at 1 per cent, I submit that it ought to be possible to fix commercial loans by banks on mortgages at 3 per cent. The home-loan bank, the farm-loan bank, and the Federal reserve system should bring down the rate of interest. For instance, the discount rate of Federal reserve banks should be $2\frac{1}{8}$ or $2\frac{3}{4}$ per cent and the banks charge the borrower on that paper not more than 3 per cent. When we do that it will be immediately reflected in business—in overhead and fixed charges—and will give new life to business and industry. As to farm mortgages, the same system could be followed for new loans, and for existing mortgages the exchange system I have stated a few moments ago. I have enough confidence in the honor of the American farmers that they would not default in the interest if it is a decent rate of interest.

Mr. MAY. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. MAY. I am interested in the gentleman's scheme of refinancing, but does the gentleman know the amount that is held by the five or six great insurance companies; and if this system was set up as outlined by the gentleman, would they accept it?

Mr. LaGUARDIA. Of course, the large financial institutions have mortgages on their books and are carrying them on their face value by the grace of the insurance commissioners of the various States. Unless a changed system is brought about, the mortgages will be worthless. Having made a decrease in the interest, they would be justified in coming in and exchanging for mortgages at a less rate, knowing that the interest will be paid and the mortgage amortized.

Mr. MAY. Can the gentleman give us any information as to the amount carried by the insurance companies?

Mr. LaGUARDIA. Nine and a half or ten billion dollars cover all the farm mortgages. I understand the savings banks have something like \$3,000,000,000 worth, and then there is a billion and a half in the hands of the insurance companies. The gentleman from Colorado [Mr. HARDY] assists me by saying there is one and a half to two billions with insurance companies.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LaGUARDIA. Will the gentleman yield to me some more time. We have more time than money, anyway.

Mr. HOLADAY. Mr. Chairman, I yield two minutes more to the gentleman from New York.

Mr. LaGUARDIA. I would sooner call this a substitution of mortgages than a refinancing of mortgages, because the minute we go into refinancing we require this enormous amount of money, which might be very difficult to obtain at this time. Of course, it is a good investment to exchange these mortgages with new mortgages, which have a prospect of being paid by reason of lower interest and the amortization provisions. At the same time, it would reduce the cost to the farmer by nearly two-thirds. In bringing about a change, what I call an economic readjustment, if we bring down the value of money, then, of course, the carrying charges on the farm and the carrying charges on industry are thereby reduced. Our industries are in good condition physically; they are capable of quantity output. The

trouble is that most of them are overcapitalized and overindebted. They can not meet these carrying charges. That is universal; it is not localized, it is universal. That being so, we have to adjust these conditions and put our industries on a sound financial basis, as we will have to put the railroads and the farmer. The farmer, too, will not have to slave to meet only his interest charges. He is entitled to something for his toil. We have to do that. When they are having rope parties on the doorsteps of the courts it is time that we looked the situation in the face and acted accordingly. We must save the country. Our country is worth saving, but we have to act, and act promptly. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, regardless of how others feel, I am not going to be so mean as to charge that political expediency prompted the speech of the gentleman from Mississippi [Mr. WHITTINGTON]. It seems that within the last few days the gentleman from Mississippi has become very busy in connection with economy. In his remarks he spoke about the message of the President, addressed to this Congress in December, two months ago, wherein the President recommended an additional cut in the salaries of Government employees. What has happened since that time? The Treasury-Post Office appropriation bill was brought into the House, and Title II of that bill contained certain provisions that were carried in the economy bill of last session. Did the gentleman from Mississippi make any attempt by amendment or otherwise to have the House adopt the recommendations of the President? Such an amendment would have been germane. It seems to me that something must have happened in Mississippi in the last fortnight. What it is, I do not know.

On January 28, last week, the gentleman from Mississippi introduced a bill, H. R. 14487, providing for a reduction in the salaries of Members of Congress to \$7,500, and on the same day he introduced another bill affecting the clerk hire of Members of Congress. On Monday he requested me to grant him a hearing before the Committee on Expenditures. On Wednesday he received his hearing. He made an excellent presentation to the committee from his viewpoint. He desired that the committee close the hearings and take up this bill for consideration on Wednesday.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. In just a moment.

Mr. WHITTINGTON. I call the attention of the gentleman to the fact that I did not ask him to close the hearing. I wanted a continuance of the hearing.

Mr. COCHRAN of Missouri. I accept the gentleman's statement. I will admit that I am in error in order to proceed, but the gentleman wanted action on his bill immediately, so I understand "immediately" as meaning at once.

Mr. WHITTINGTON. I do.

Mr. COCHRAN of Missouri. Several Members of Congress and some of the clerks, if you please, who also have a right to be heard, have asked to appear before the committee, and it has always been the policy of the committee since I have been chairman of it to grant a hearing to every Member of Congress who requests it, and that policy will continue. I see no reason to rush matters. Careful deliberation means better legislation.

What did the bill provide? First, let me say that on Tuesday I addressed a letter to three Members of Congress who have introduced bills of this character, namely, to the gentleman from Missouri [Mr. FULBRIGHT], whose bill provides for a 25 per cent reduction in the salaries of Congressmen; to the gentleman from Tennessee [Mr. MITCHELL], whose bill provides for a reduction in the salaries of Representatives and Senators to \$5,000; and to the gentleman from Mississippi [Mr. WHITTINGTON], advising them that on Wednesday morning we would hold a hearing on the bill. Mr. MITCHELL appeared, as did Mr. WHITTINGTON. Mr. MITCHELL seemed to think that because eggs were selling

for 5 cents a dozen in Tennessee, the salaries of Members of Congress should be reduced to \$5,000; but if he buys any eggs in Washington, he will find that you pay 40 cents a dozen for them here.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. MITCHELL. It would be quite easy, would it not, to have eggs transported by parcel post even to Washington, in the District of Columbia, and thus aid the Government and the taxpayers of the country?

Mr. COCHRAN of Missouri. If the gentleman will go into the business of distributing eggs and open up some sort of place where we can get eggs for 5 cents a dozen, he will probably get many customers; but does that warrant a reduction in a Congressman's salary of \$4,000 when we have already reduced the salaries \$1,000? The gentleman from Tennessee would reduce our salary \$4,000.

Mr. MITCHELL. And I ask the gentleman whether the price of all other commodities are not likewise reduced on the markets throughout the country.

Mr. COCHRAN of Missouri. I am discussing these bills now and defending my committee. Do not take me from my subject. We will speak about that later, if the gentleman desires. The gentleman from Mississippi by his legislation would save the Treasury of the United States \$826,500 if he reduced the salaries of Members of the House and of the Senate to \$7,500 a year. The gentleman from Mississippi was present when the War Department appropriation bill was pending in the House 10 days ago, when everything was being done to reduce Government expenses. We were fighting to support the committee recommendations. The gentleman from Mississippi was one of the leaders in the fight to increase the appropriations in that bill by nearly \$30,000,000, to be used for flood control. That would help him in his district. Did he think of the taxpayers then? It would take 40 years to save that amount under his salary reduction bill. His plan is to save \$836,500 one day and spend \$30,000,000 another day.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. BOYLAN. The gentleman says that we would save \$836,500 by the bill of the gentleman from Mississippi. How many points would that reduce tax rates?

Mr. COCHRAN of Missouri. I am not a statistician. I can not figure that out in a moment. Probably the gentleman can enlighten the House.

Mr. BOYLAN. It would not be one-millionth of 1 per cent.

Mr. COCHRAN of Missouri. Now, what has happened? There was an election in November. There will be a turnover of 165 Members on March 4 in this House. Do you not feel it is proper to let those 165 Members decide their own fate as to the salary they will receive, and not leave it to the votes of 165 men who are going to leave Congress? However, in justice to those 165 men who are here now, let me say I do not think there is a handful of them who will vote to reduce the salaries of the incoming Congress. They are willing for the new Members to make the reduction if they feel salaries should be reduced.

What does the gentleman from Mississippi [Mr. WHITTINGTON] desire to do with reference to clerk hire? I will say to the gentleman the bill will never get out of that committee with my vote, as long as I am a member of that committee. Why? The gentleman desires to amend the law with reference to the payment of clerks so that a Member can draw the amount of money through a clerk and through a voucher with the proper person on the pay roll, not monthly, but whenever he desires. There was a great deal of criticism directed at this Congress when Members of Congress were granted their clerk hire in a lump sum. The Congress very properly provided by law that their help should be placed upon the pay roll and that the help should draw the salary and that the Member of Congress should be responsible for the persons whom he appointed as clerks in his office. Under the terms of the bill introduced by the gentleman from Mississippi [Mr. WHITTINGTON] this is what

could happen: You could have one clerk on the pay roll for 9 or 10 months and then when you went home to face your constituents at a primary or an election, you could put a lot of other people on the pay roll, who would be out doing political work for you, and pay them out of the clerk-hire allowance. That is just exactly what could be done under the bill offered by the gentleman from Mississippi. I do not propose to support such a bill. The clerk hire is for the purpose of handling Government business—not building political fences.

The gentleman from Mississippi also said he introduced another bill providing for a general reduction of all salaries. When did the gentleman introduce it—last night?

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. WHITTINGTON. Is it not true we have had before our committee bills introduced by the gentleman from Nebraska [Mr. SHALLENBERGER], by the gentleman from Oklahoma [Mr. GARBER], and other bills that have been tabled?

Mr. COCHRAN of Missouri. Yes; that is correct. Hearings were held on the bills and the bills were tabled. Why were they tabled? Nobody on the committee could understand what the gentlemen who introduced the bills wanted to do. The Members who introduced the bills could submit absolutely no figures as to savings. They had absolutely no idea as to what their bills would accomplish. Other bills were in course of preparation, but the Economy Committee was created, and for the time being the Committee on Expenditures was not active on salary reduction bills. If I am not in error, the gentleman from Mississippi voted for the resolution creating the Economy Committee.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield five additional minutes to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I thank the gentleman. The Committee on Expenditures was not active as to salary reduction bills, as the Economy Committee took over that work. Mr. WILLIAMSON, of South Dakota, and myself were on the Economy Committee representing the Expenditures Committee. We met night and day for weeks, and finally the Economy Committee brought in its report, and Government employees' salaries and also congressional salaries, as well as our clerk hire and other allowances, were reduced. So you see we have reduced our own salaries and other allowances, as every Member well knows.

Further than that, those who serve in the Seventy-third Congress, commencing March 4, will suffer another reduction. Their earning capacity during their term of service in the Seventy-third Congress, by reason of the ratification of the Norris resolution, is reduced \$1,600. The term in the Seventy-third Congress will be 22 months, not 24 months. Has the gentleman ever thought of that?

And again, one of our colleagues told me yesterday he had figured up his income-tax return, based upon a salary of \$9,000. He has no other income and neither have I, and he discovered he would have to pay about four and one-half times as much income tax as we paid last year. That is a little more that we are not going to be able to save or spend during the next two years. I know all citizens are similarly affected. I am not complaining, simply explaining.

The gentleman from Mississippi [Mr. WHITTINGTON] asks, What has the House done in regard to economy? The gentleman certainly should know without asking, but his mind is not clear, so I will refresh it. He should know the record in the last session and he should know that up to this hour we have passed appropriation bills in this House with reductions of \$70,000,000 below the Budget estimates. The gentleman would have reduced this savings to \$40,000,000 with the flood-control amendment, but those who favor economy would not let him. That, however, is what this House has done on economy at this session of Congress. We will pass other appropriation bills, and there will be further reductions; and when those bills return from the Senate they will be reduced further, and this House will agree to the further reductions. The gentleman from Mississippi by his speech, what I call a good Republican speech,

as he attacks his own party, would have the country believe we have done nothing.

The people of this country do not want this body to be a rich man's club. That is just what you are going to make it if you reduce the salary of Members of Congress to \$7,500, or \$5,000, as the gentleman from Tennessee suggests. Why not make Members \$1 a year men and women if you want nobody but the rich to serve in this body?

Every minute of my time is given to my duties. There are five typewriters going in my office this minute, and I can not keep up with my mail. March 4 I will be 1 of 13 Members from my State representing the State at large. If I receive 200 letters a day now, what will I receive then? The people expect service from their Member of Congress, and that is what I endeavor to give them, not only in my office but on the floor of this House, where I can be found any hour the House is in session. Find, if you can, in the RECORD where I have ever been absent from the House during the seven years that I have been a Member. To give my constituents service I need clerical assistance and I am sure they want me to have it. After the close of the last session I returned to St. Louis. I found it necessary to secure three rooms, rent as many typewriters, also to secure additional office furniture; and I remained there from July until after the election, seeing my constituents at the rate of from 75 to 100 a day. Was I campaigning? No. Although a candidate at large, running throughout the State, I made but two speeches outside St. Louis and no speeches during the day, declining scores of invitations. The result of the primary with 56 candidates and at the election will disclose that the people of the State approved my past service in this body. The additional expense I am put to when I return home comes from my salary. I have no other income.

Hearings will be held on the bill to which the gentleman from Mississippi refers. All who desire will have an opportunity to be heard. When the proper time comes, if the committee wishes to vote on the bills, the members will have an opportunity to do so, but we will not be rushed simply because the gentleman from Mississippi [Mr. WHITTINGTON] decides overnight that he wants bills reported by our committee. The committee has been fair at all times to everyone, and I will not be one who will report measures until they have been properly considered and interested parties given the hearings to which they are entitled, and I will oppose any attempt to add bills as riders to appropriation bills while the proper legislative committee has the legislation under consideration.

Let me return to the clerk hire bill. I will never agree to changing the method, as the gentleman from Mississippi [Mr. WHITTINGTON] wants to change it, as regards the disposition of the clerk hire allowed Members of Congress. Here it will be the gentleman from Missouri that will be looking after the taxpayers' money, not the gentleman from Mississippi.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. WHITTINGTON. Is it not true that the bill for clerk hire simply provided that Members might, by order or voucher for services rendered, give written orders for the difference between the maximum salary and the maximum amount allowed, or about \$900, on order for services rendered only to the person named, when and as required, instead of being required to draw it monthly, with the understanding that all allowances shall be paid only to clerks for services rendered and not to Members?

Mr. COCHRAN of Missouri. That is exactly what I said. I have not misrepresented the gentleman's bill. It is a bad bill and I will oppose it.

Mr. WHITTINGTON. I beg the gentleman's pardon. I understood the gentleman to say the whole amount could be used to pay for clerks at home.

Mr. COCHRAN of Missouri. I said the gentleman could go home and use part of it to pay people who were doing political work in the campaign if he wanted to under his

bill, and that is just what he could do, and that is just what I am going to try to prevent.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include the bill I have offered as to reduction of salaries.

Mr. BOYLAN. Mr. Chairman, reserving the right to object, I do not see why the RECORD should be burdened with that kind of stuff.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. Mr. Chairman, before proceeding, I ask unanimous consent to revise and extend my remarks by including some quotations to which I expect to refer but which I shall not have time to read in full.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. BURTNESS. Mr. Chairman, I presume no Congress, for a great many decades at least, has had to give more careful consideration than the present one to the various annual appropriation bills, including the one now under consideration. The problem before the Committees on Appropriations and the two Houses has been that of reducing expenditures to come within a reasonable Budget income, and the Budget-income problem has in turn been due to the fact that the usual income of the Government has been reduced to a pitiful fraction of what it was a few years ago.

Because of this situation we have had many suggestions and many earnest speeches on the floor of the House on many subjects more or less connected with the present depression. Among them are those we have listened to this afternoon of the gentleman from Mississippi [Mr. WHITTINGTON] proposing a reduction in the salaries of Members of Congress, and of the gentleman from New York [Mr. LA GUARDIA] urging drastic reductions of rates of interest, and I emphasize the rate of interest rather than the total interest burden on the indebtedness of the country.

The other day we passed an amendment to the bankruptcy law. The main object and purpose of the amendment seemed to be to allow an opportunity of staying foreclosure proceedings until this emergency is passed and possibly carrying with it a method by which the indebtedness of the country owing from one private party to another private party may be cut down in the terms of dollars, in the terms of our national monetary unit. These are far-reaching proposals, considered now not by accident but due doubtless to some fundamental causes. All of them deal with results from some serious economic maladjustments.

After all, what is the real underlying factor making necessary the discussion of the many problems before this and the last two or three sessions of Congress? Will you not agree with me in the statement that the reason these problems are before us, the reason it is difficult to obtain necessary revenues, the reason we have passed in this House a bill to increase arbitrarily prices on certain farm products, the reason it is necessary to cut the salaries of employees of the Government, the reason it is proposed to scale down private debts, to cut interest rates, the reason we are confronted with many questions of that sort is in the fact that the last three and a half years have brought upon us a tremendous and unprecedented decline in the general commodity-price level?

During the last three years our national plant as a whole, call it the United States if you will, a plant including our farms, our forests, our mines, our factories, our industries, our lands of every description, all our property engaged in production, has had the total valuation ordinarily placed upon it cut about in half. These elements are worth as much as ever in producing what the people need. They are efficient and by no means obsolete; yet, when priced in the terms of our monetary system, the American dollar, we are told that the whole plant is worth only about half as much as on July 1, 1929.

On December 8, 1931, some 14 months ago, I introduced a bill, H. R. 21, based upon the theory that many of these problems are related to our monetary system. For some years prior to that time I had legislation pending which, if enacted, I believe, would have provided a scientific monetary unit, and if enacted prior to July, 1929, would have prevented a decline in the dollar value of the plant as a whole. I introduced my original bill to stabilize the buying power of the dollar through the control of the gold weight thereof in accordance with the Tinnes plan at a time when the price level was considered normal in the sense that it had continued on a comparatively steady stage for a reasonable length of time. If that bill had been enacted, the then existing normal-price level would have been stabilized; that is, the general commodity-price level graphically represented and projected into the future would have been a straight line thereafter.

The general principle embodied in my bill was nothing new, startling, or extremely wild-eyed, as some seemed to think. It was not the mere idle vaporings of the "son of a wild jackass" from the radical West. It had been proposed from time to time by leading economists and students of monetary questions. The specific plan in the bill I sponsored was first evolved by D. J. Tinnes, of Grand Forks, N. Dak., before the silver campaign of 1896. Prof. Irving Fisher had brought the fundamental principle thereof to the attention of students in his book, *Stabilizing the Dollar*, published in 1920.

The first time that it was proposed in this country, as far as I know, was in an article by an excellent student, Simon Newcomb, published in the *North American Review* in 1879. Permit me to quote a few pertinent sentences from that article which succinctly explains the proposal better than I could do in my own words.

The main point is that there is no reason why a standard dollar containing a fixed weight of the precious metals should remain of invariable value, but that, on the contrary, we have every reason to suppose that its value does fluctuate. * * * That a standard of value with the use of which no such thing as general fluctuations in price should be possible is one of the greatest social desiderata of our day no one will deny. * * * All we want is a dollar of uniform value as measured by the average of commodities. * * * The most obvious method of attaining the object is to issue a paper currency, which shall be redeemable not in gold dollars of fixed weight but in such quantities of gold and silver bullion as shall suffice to make the required purchases.

In any event, when I first introduced and discussed it, very few saw the need of such legislation. Was not the country as a whole prosperous? Why worry? Why think about the future? The fallacy involved in such an alibi was clearly shown by what the years 1929, 1930, and 1931 brought to us. By 1931 quite a lot of people commenced to think about our monetary system. Some farm editors demanded an "honest dollar." Wallace's "Farmer" referred to the Burtness bill for a compensated dollar. I picked up some courage, for people were beginning to think.

I restudied the legislation which some people had regarded as visionary, if not crazy. Naturally, I did not want to make permanent the low-price level existing in 1931, for the index number of the Bureau of Labor Statistics representing the general commodity-price level had gone down from 100 in 1926 to 70 in the summer of 1931. I regarded the weight control as a sound principle for stabilization; so why not use it to bring back the price level to a fair stage? If 23.22 grains of gold in a dollar bought too many commodities, why not reduce the content of the dollar sufficiently to bring prices up to a fair level?

So we revised my bill. Until a day or two ago that revision, H. R. 21, introduced in December, 1931, has been the only legislation pending before Congress specifically embodying the proposal which has recently been the subject of much general comment in the press of the country, namely, an immediate reduction in the amount of gold behind our monetary unit, the dollar. Putting it conversely, the proposal is simply to increase the present fixed statutory price of gold. I understand that a day or two ago the gentleman from Texas [Mr. DIES] introduced a bill

embodying a similar proposal, connecting with it also some features relating only to silver. Of course, in H. R. 21 I propose the arbitrary change only till we get back to the desired level, then retain the original device of daily adjustments to prevent any fluctuations in the future.

I think there is nothing which has more of an illusion in it than our monetary system, or our notions of a dollar. I hope those who have not already done so will read the book entitled "The Money Illusion" written by Prof. Irving Fisher, sent you some time ago, for I know of nothing readily available that will bring to our minds in a clearer way just what money is, how its value in terms of what it buys may greatly change in any country including our own without the public recognizing it, how our present American dollar is very unstable in its most important function as a measure of value, and in fact how our present monetary system works. It is brief and very readable and you will enjoy it.

I have not found this in a textbook, but I think it is very elementary monetary economics to say that money serves two main uses. First, it must be a convenient unit of value, that is, simply a unit in which all commodities other than the particular commodity used for money may be priced so that you can say at any time, in a business transaction or otherwise, that a certain chattel, a certain piece of property, is worth so many marks, so many francs, or so many dollars. The second very important function the monetary unit performs is that of forming the basis on which contracts for deferred payments are made, whether the deferred payment be simply a time loan of the money itself or the purchase price of a commodity to be paid some time in the future in accordance with agreement.

When we come to the question of the stability of money, and when I use the word "stability" I refer to stability in its purchasing power, its real value, it is, of course, much more important to have the monetary unit, in this country the dollar, stable in connection with the second function of money, that is, its use as a basis for deferred payments, than in connection with the first use to which I referred. It may not be particularly important to people who are out of debt, to people who own their property free from encumbrance, who have no notes, bonds, mortgages, or any other investments payable in money, and who owe no money to anybody else, whether their house, their land, or their factory on a given date is listed at \$20,000, or could be sold for \$20,000, and on the general price level prevailing in the next year could be sold for only \$10,000, or might be sold for \$30,000. As long as they want to own the property, keep it and use it, it serves the same purpose. When they do sell they can generally buy about the same amount in other commodities. If they are not interested either as creditors or debtors, it does not make a great deal of difference to them, except as it is inconvenient and very confusing to find the valuation of a specific kind of property that has not become obsolete because of some new invention or otherwise changed in its true value, priced differently from year to year when measured or priced in the terms of the monetary unit of the country. We must all concede that it is desirable to have a stable unit of value even for this purpose. It is confusing to be advised that under our present system the dollar value of all the property in the United States is about only one-half of what it was four years ago. We spend much Federal money in our decennial census to ascertain the money value of various kinds of property in the country, but due to an unstable dollar we find that in a few years the values given must all be changed.

But the real harm done by a dollar of fluctuating value is that incurred by creditor and debtor classes alternately as the price level rises and falls. One party or the other to any note, mortgage, bond, or any other evidence of indebtedness must suffer when the dollar has changed in value between the time the obligation was incurred and its maturity. When a decline has continued abruptly for several years, as is now the case, not only are the debtors unfairly and severely burdened, but the creditors also often suffer as the equities of the debtors in the mortgaged property are

wiped out. In fact, no one benefits from resulting business stagnation and bankruptcies. The problem of maintaining a stable monetary unit for all deferred payments becomes, therefore, of the utmost importance. The general public good, as well as fair dealing between debtors and creditors, demands it.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. BURTNESS. After a while I shall be glad to yield, but I prefer not to do so at this time.

What about the money illusion most of us have? It seems that the general public never realizes that the monetary unit of their own country changes in buying power. We are informed by monetary authorities that the German people did not realize that the terrific rise of prices in that country during the World War was due to any fluctuation in the real value of the German mark. We in this country knew the mark was falling. The Germans said the prices of all commodities were rising. They looked at international exchange rates and they assumed that the dollar in America was rising. That seems to us a plain case of "money illusion," which no one should be a victim of. But were only the German people the victims of the illusion?

Professor Fisher in his work gives a very good illustration with reference to an American woman who had property in Germany. She owed a debt in Germany secured by a mortgage on some property she owned over there. The mortgage was in the sum of 28,000 marks. Naturally she mentally converted that sum into the monetary system of her own country, that is, into dollars. In other words, she felt she owed \$7,000, as that was the amount she had borrowed. After the mark fell, but before it had vanished into thin air, she was ready to pay off the mortgage. The banker that handled it for her told her she could pay it off for \$250 in American money. She said, "That is not fair. I owe \$7,000 and I want to pay \$7,000."

But at that time even \$7,000 did not have the same purchasing power as it had when she had borrowed that amount. She really wanted to do the right thing; she was fair; but I wonder what she would have replied if the banker had said to her, "If you really want to pay more than \$250, or 28,000 marks, and actually repay money of the same purchasing power as that which you borrowed, then you ought to pay \$12,000, for \$12,000 in American money will now only buy, in the terms of general commodities, what \$7,000 would have bought at the time the loan was made."

She probably would not have seen that point at all. In all probability she was a victim of "money illusion." The American dollar had fallen in the meantime, just as had the German mark. The difference was one only in degree. Before the World War was over the American dollar became a 40-cent piece as compared with the pre-war dollar in buying power.

Another good illustration is given by Professor Fisher in the book I have referred to. In a somewhat facetious vein one day during the war he asked a dentist, "By the way, how much more do you have to pay now for the gold that goes into dental work than you paid before the war started?" The dentist replied, "I do not know, but everything has gone up—my rent, the salaries I pay, supplies, and everything else I buy—and I am sure gold has also gone up." So, very seriously, the dentist asked his office girl to look up the invoices and see what he was paying for gold. In a few minutes the office girl reported back and said, "Doctor, you are paying no more for gold now than you ever did before; the price is exactly the same." The dentist was very much surprised, but not the professor.

Another illusion, of course, for the dentist did not realize that the dollar as it has been used in this country since 1837 has meant not a stable unit in buying power, but merely a constant weight of a specific commodity, namely gold. Regardless of its true value, what it would buy in other commodities, the gold had not changed in price. It puzzled the dentist; it ought to puzzle us? Do we have a monetary unit stable in buying power? If not, why not? Is not that the most essential factor in any proper money?

There is only one way in which we can properly measure the buying power of the dollar from time to time, and that is by what it has bought, not in one commodity like wheat or cotton or steel or anything else, but in the average of all commodities as they are sold in the trade and properly weighted in accordance with their importance. Until recent years we have not had a satisfactory gage for such a measurement. For a long time, however, the Bureau of Labor statistics has gathered information as to wholesale prices of the most important commodities, and has gradually perfected the price index which it keeps. For some time price quotations have been obtained on 784 commodities. The fluctuations in the value of the dollar are no longer guesswork.

I, therefore, want to call your attention to a chart which is similar to one which I used on this floor some months ago, which sets out graphically the general commodity price level from 1910 to 1932. It has been prepared by the Bureau of Labor Statistics, based upon price quotations of 784 commodities in recent years, but for a lesser number in earlier years.

For the purpose of this chart you will note that 1926 is taken as a base, and represented by the line 100 [indicating]. You will readily see what has happened during the period covered by the chart. You see the line here from 1910 up to 1915, running along about 70 as compared with 100 in 1926 [indicating]. You then see the tremendous rise in prices during and following the war, when the index number went up to 167 in May, 1920. Then [indicating] you see it come down, dropping very fast. By March, 1920, it had reached 102, and for the period from 1921 to July, 1929, it was not stable, but at least approaching general stability, fluctuating during that period between extremes of about 93 and 104 or 105. This was the period during which I was very anxious to have legislation enacted that would make the then existing level permanent. July, 1929, came along, and then what happened? On July 1 of that year the index was at 98, a fair average for an 8-year period. The index for the week ending January 28, 1933, last week, as given in the last publication of the Bureau of Labor Statistics, was 60.4. In other words, the average fall in prices since July 1, 1929, has been about 38 per cent.

I remember how just a year ago now, when we were enacting the Reconstruction Finance Corporation legislation, the Glass-Steagall bill, and other laws, it was then believed that such legislation was going not only to stop the downward decline of the general commodity-price level but was going to increase the price level, and that what some people called inflation was sure to come.

Mr. GOSS. Will the gentleman yield for a question?

Mr. BURTNESS. Yes.

Mr. GOSS. Do the figures on the gentleman's index of wholesale prices include commodities that are coming in from foreign countries?

Mr. BURTNESS. These are all the important commodities sold on the markets within the United States at wholesale.

Mr. GOSS. But they do contain considerable amounts of foreign products at depreciated currency.

Mr. BURTNESS. No; not many. They include none of the foreign prices at the import points. They embody the prices, as I understand it, of commodities sold in this country, whether produced here or whether they have come in, but sold in the wholesale markets of this country, weighted in accordance with their respective importance in trade. Of course, the foreign commodities included would have but slight effect upon the whole index.

Mr. GIFFORD. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. GIFFORD. With reference to the 700 or more indexes, has the gentleman included interest, taxes, railroad fares, cost of physicians, and all those things that we are interested in?

Mr. BURTNESS. I can not go into any discussion of the relative merits of various types of indexes. This is a general

commodity index and the Bureau of Labor Statistics index is recognized by all of the economists of the world as being the best index available at this time. Commodity prices of themselves include charges of the general nature the gentleman refers to.

When we were passing the legislation a year ago, to which I referred when interrupted by questions, the index stood at 67.3. At that time the sharp decline was to a certain extent stopped. This is shown by the curve straightening out a little [indicating], but we have still remained, as you will note by the line, on a toboggan, but a slower one, ever since. Prices have continued downhill. To be exact, we have suffered a further decline of a little more than 10 per cent during the year immediately last past in the general commodity-price level as shown on this chart. A year ago the index stood at 67.3; last week it was 60.4.

[Here the gavel fell.]

Mr. HOLADAY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BURTNESS. It is easy to convert this chart into the real value of the dollar, for it is merely the converse of the price level. This has been done graphically in the second or lower chart that I have here, to which I now direct your attention.

The second chart is on a somewhat smaller scale, for it covers a longer period, the time from 1890 to 1932, but, of course, as already stated, is otherwise just the converse of the other. You get the whole terrible picture at a glance. No one who sees it can claim our dollar is stable in buying power.

Let me read to you what Professor Kemmerer, one of the leading American economists of world-wide reputation, said in a speech to the Stable Money Association in 1927.

Those who do not see the charts, but who may read this speech, will be able to visualize the general picture accurately from Professor Kemmerer's summary. Among other things, he said this:

The world sooner or later must either learn how to stabilize the gold standard or devise some other monetary standard to take its place. There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value, but a fixed weight of gold, with a widely varying value. In less than half a century here in the United States we have seen our yardstick of value, namely, the value of the gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13½ inches long in 1920, and is 21 inches long to-day.

Remember the speech quoted from was made in 1927. If made this afternoon, he could well have added that since 1927 the monetary yardstick has increased 60 per cent and therefore to-day has a length of about 33 inches.

Now, how do I propose in my legislation to bring back the price level to what it was during that period which, since war times, we regard as a relatively normal base; that is, to the stage existing from 1921 to 1929, or the approximate average of that period?

First, and this is the primary principle involved in connection with the first step to be taken, I propose that we cut the amount of gold in the dollar sufficiently to bring that price level back.

I am rather definitely a qualitative theorist as to money. Since 1837 our dollar consists of 23.22 grains of gold. Putting it conversely, an ounce of gold can always be sold for \$20.67. The first section of the bill provides for the revaluation of the dollar by reducing its weight slightly more than one-fourth. We have adopted the metric system in the bill, for that system is more practical in computing changes from time to time in the permanent stabilization feature which is the heart of the measure. The real purpose of the bill is expressed in this short clause comprising its title:

A bill to raise the commodity price level to the debt-incurrence stage and to stabilize it thereafter.

If we cut the gold behind the dollar one-fourth, all economists agree that its buying power will be cut proportionately. That in turn means that the general commodity price level will promptly rise about 33⅓. If the weight is cut one-third, the price level will rise 50 per cent. I have failed to hear one single individual who is not anxious to see an immediate rise in the price level. All have hoped it would come. All admit that the present dollar is too dear. The surest way to decrease its buying power is to cut its gold content. In other words, I want to "reflate" to a normal base.

Some have urged direct inflation by increasing the number of units of money, and bills for that purpose are pending. If no change is made in the gold content of the dollar, I do not believe you can—by adding a few hundred million dollars to the amount of the currency in circulation—materially affect the price level.

After all, the real value of the dollar must remain the exchange value of the particular commodity, whatever it may be, in which the dollar is redeemable. There is no commodity better fitted as a redemption metal than gold. What I primarily desire is a recognition of the economic fact that even gold changes in value from time to time, depending upon its supply and demand, its wantedness, and other economic factors.

Another danger of so-called inflation if attempted without sound brakes and made under political pressure on the part of interested groups or to meet temporary political views is the fact that no one knows what the end will be. Can anyone to-day say just how much additional currency we need to bring back the price level to the 1926 level? Do we need five hundred million or several billion? If additional issues work, what about the demand for more and more? Of course, I do not think that additional money anchored to the present gold weight can increase the price level except temporarily. But suppose it does. The inflation of the war period was almost as harmful as the deflation since 1929.

If we start the printing presses and issue currency not redeemable in gold, such currency will of necessity depreciate as compared with our other money. We would again have two values for money circulating side by side, as we did following the Civil War. No person wants that to happen, but some extreme propositions now made in good faith would probably bring about that result.

A strong point in our plan is that there can be no increase in the price level above that aimed at. When we reach the desired stage it stays there. If there be a tendency to further increase, it is stopped automatically by simply adding whatever additional weight may be required to the dollar. In other words, the price of gold will become that much less. With a proper index of commodity price levels the whole plan becomes automatic. It is not subjected to any political influences; it would not involve any human discretion. As I stated in a speech in the House some years ago, it is as fair as an adding machine.

Another class of bills is before Congress, namely, that of giving a mandate to the Federal Reserve Board to conduct its operations in such a way as to bring prices back to the 1926 level and stabilize them thereafter. That in substance was the Goldsborough bill passed by the House last session, still pending in the Senate. I voted for it, not because I thought it could possibly bring about that result, but that it might do some good. I discussed its weakness at that time. In that connection I commend for your consideration a paragraph from a speech of the Hon. Andrew W. Mellon, then Secretary of the Treasury, made before the Chamber of Commerce at Charlotte, N. C., on January 19, 1928. I quote as follows:

The work which the Federal reserve system is doing is along sound, constructive lines. But the greatest mistake would be to expect the impossible. It is not a panacea for all the financial and economic ills which may befall the country. Neither the Federal reserve system nor any other system can control prices. The most that system can do is to influence to a limited extent, from time to time, the total volume of credit and its cost. While credit

is one factor in influencing prices, it is neither the only factor nor the controlling one; and it would be asking the Federal reserve system to perform the impossible if it is to be charged with the responsibility for controlling prices merely because it can exercise a limited control over the amount of credit available.

As it is conceded by nearly everyone that the public interest demands an increase in the price level—a decrease in the buying power of the dollar—the practical question for our determination becomes only that of deciding upon the most practical method. I have tried to show you the weaknesses of some schemes proposed. My bill deals with the subject directly. I trust many of you have read the public statement given out by the Senator from Texas [Mr. CONNALLY] on January 19. Let me quote a paragraph from that statement on this particular feature of direct instead of indirect approach. After taking the position that the value of the dollar must be reduced so commodities can advance in price and restore normal business conditions, Senator CONNALLY said:

Every plan for inflation has for its purpose the lowering of the dollar to increase commodity prices. Such action is indirect and may have the desired result or may not. The way to revalue the dollar is actually to revalue it. I propose that the amount of gold in a dollar be reduced by law. The Constitution of the United States provides that Congress shall have "the power to coin money and regulate the value thereof." This is a sovereign grant of power to Congress to regulate the value of money in relation to the prices of other commodities, and for the purpose of stabilizing such values. Under this power it is my contention that Congress may reduce the amount of gold in a dollar and make such cheaper dollar legal tender in the payment of all debts and make it the current money of the country.

Under permission to extend my remarks I will append all of Senator CONNALLY's statement at the end of my speech, for it is a splendid summary showing the stern necessity of prompt action, and I am naturally pleased that he and I are in thorough accord as to the best method of approach.

Another convert in recent months to our method of attack is the powerful American Farm Bureau Federation. This is shown by the resolutions adopted at its annual convention on December 7 last, which convention was held in Chicago. I believe I betray no confidence when I say that several times during the period from 1923 or 1924 to 1929, I approached Mr. Chester Gray, the very able legislative representative of that organization, with a view of interesting him in the importance of stabilizing the buying power of the dollar. Mr. Gray recognized its importance, but always felt that the program of the federation was then so extensive as to make it impracticable to include another major problem.

Naturally, they were at that time more directly interested in what we might call general farm legislation, including credit legislation for agriculture. The result was that the farm bureau, like the general public, did not become earnestly interested until after the debacle of 1929. By 1931 its leaders recognized the tremendous importance of stopping the decline in price levels and getting them started up-grade. I believe they asked the President to appoint a commission to study the problem. The Farm Bureau Federation during that year appointed its own special committee, which held several sessions and did a lot of hard and important work. Our able colleague from Iowa [Mr. RAMSEYER] was a member of that committee, and representatives of the organization were active in hearings held by the Goldsborough subcommittee of the House Banking and Currency Committee last year.

At its annual meeting in 1931 it pointed out the need of an honest dollar. It did not, however, recommend a change in the price of gold or a change in the weight of the gold dollar. At that time a majority of its leaders seemed to think that the price level could be controlled by the Federal Reserve Board, and that a mandate to that board would accomplish results. It, therefore, threw its influence in favor of legislation along the lines of the Goldsborough, the Strong, and the Ramseyer bills.

Throughout all that time I contended strenuously that something more was needed. In other words, I have felt that Secretary Mellon was about right in his statement in the

speech from which I have quoted that such a task would be impossible for the Federal Reserve Board to perform. Naturally I am pleased over the fact that the resolutions passed last December indicate that the federation is now definitely committed to my general view. In such resolutions the Farm Bureau Federation urged "that the price of gold shall be increased to \$30 per ounce for fine gold, and that the redemption of all monetary units now in use in the United States shall be reduced to 16 grains to the dollar to conform thereto."

I have not time to quote the entire resolution, but under the leave granted to extend my remarks I shall also append the first one of the seventeen resolutions adopted, and which is given the appropriate heading of "Sound and Honest Money."

The other two large farm organizations, namely the National Grange and the Farmers Union, are also strongly urging legislation to obtain an "honest dollar." I do not mean to imply that either of them is as yet definitely committed to the general plan of my bill as is the farm bureau. The object desired to be obtained by them is, however, identical.

I have not time to refer to much splendid support that is coming from all sections of the country. Only a few days ago a rather conservative and a very able gentleman, Mr. Hammill, formerly Governor of the State of Iowa, published an article in the Des Moines Register, strongly approving our plan. The Iowa papers are now almost filled with favorable comment.

I feel justified in emphasizing over and over again that without such action as I am urging our country is confronted with two alternatives. One is continued liquidation, which would probably result in a complete change in the ownership of most of the property in the United States. Involved therein would be the scaling down of mortgages, bonds, and other evidences of indebtedness, including even bank deposits and life-insurance policies. Think of the difficulties that would be encountered not only by the Federal Government, but by States, school districts, and other municipal corporations in raising sufficient revenue under such a situation for the conduct of public business. The other alternative is a tremendous paper inflation to which the country would probably yield eventually. As large business interests realize this fact, surely they will have the good sense to see that the sensible method, call it a compromise if you wish, is that of reducing the value of the gold dollar so as to permit debts to be paid and to permit private business to survive, as well as make possible a continuance in an orderly way of the functions of our Federal, State, and local governments.

I know that some have derisively denominated movements of this kind as the establishment of a "rubber dollar." Can anyone truly say that a dollar consisting of 15 or 16 grains of gold will be a "rubber" one? From the charts that I have exhibited, will you not agree that our present monetary unit is the one that can be more appropriately called a "rubber dollar"? Surely, it has increased and decreased tremendously in its essential quality, buying power, during the last decades. Instead of asking for a "rubber dollar," I am demanding one which will be stable, one which will not fluctuate from time to time in its purchasing power. If adopted by appropriate legislation, the individual who owns tangible property and he who owns evidences of indebtedness payable in dollars will then soon recognize that the actual dollar value thereof does not change from month to month or year to year.

Some call attention to the fact that the price level has not appreciably increased in England since that country went off the fixed gold standard in 1931. Let me, however, call your attention to the fact that her price level has not declined since that time, but has advanced about 2 per cent. I presume we would call her present system a "managed currency." I do not know whether her leaders desired any particular increase in the price level. Obviously they wanted to prevent a further decline, and to that extent they have

been successful during the time that our price level has continued on a toboggan slide downward. As already pointed out, our price level has in the meantime decreased 15 per cent. As very pertinent to this observation, let me read a paragraph or two which appeared in Mr. Arthur Brisbane's column in one of the Washington papers recently. It is as follows:

This will really surprise "best financial minds." Reginald McKenna, chairman of the Midland Bank, biggest in Britain, advises England and America both to "inflate their currencies."

McKenna, great banker, whose views are taken seriously, says: "It is not the pound sterling, but gold that is unstable." The pound, he says, has remained stable, whereas the dollar has changed. That is truth, since the dollar is worth 60 cents more than it was in 1929, and is about sixty times harder to get.

Unless we are victims of the "money illusion," to which I adverted earlier in my remarks, we must admit that Mr. McKenna is right. The pound sterling has remained very nearly stable, while the American dollar has appreciated.

Mr. PATMAN. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. PATMAN. What will you do with the paper money? Will the paper dollar be worth \$2 or 50 cents?

Mr. BURTNESS. The bill provides that all outstanding money may be redeemed at the Treasury within a specified reasonable time, dollar for dollar, in Treasury notes of the new issue. Gold and silver dollars will also be converted; the present forms of currency, such as gold certificates and silver certificates, will no longer be used but will be redeemed at the Treasury in the new currency. A redemption fund is established consisting of both gold and silver. In that fund we give silver more liberal treatment than the present law. The exact percentage of gold and silver in that fund is a detail that I am not particular about. In general the new money will be redeemable in gold but not in any specific weight, but in whatever weight is prescribed at the time for the dollar. That weight under the permanent stabilization plan may vary slightly from time to time for it must be such weight as to keep the true value of the dollar the same.

Mr. PATMAN. Will the gentleman yield again?

Mr. BURTNESS. Yes.

Mr. PATMAN. What will the gentleman do with \$124,000,000 of contracts payable in gold in a certain weight and fineness?

Mr. BURTNESS. I have no definite information as to the exact amount of such contracts in force. Of course, there are quite a number, and the gentleman's inquiry presents the most controversial question that arises when the bill is discussed. What is to be done about those contracts? The second paragraph in section 2 makes such a gold clause void as to the future. So far as obligations entered into since April 1, 1917, are concerned, we also provide that where the contract is made in money, it shall be satisfied by the payment of lawful money of the United States. Under the decision of the United States Supreme Court in the legal tender cases, and the reasoning of that court in those and other cases, though not entirely convinced, it is my honest opinion that such provision is constitutional. Even if held invalid as to such contracts, the makers thereof would be no worse off than at present, and, therefore, it is no argument against providing proper legislation for all others.

The exact cut of the dollar is a detail on which we might have some difference of opinion. Many people feel that the cut should be one-third, and that would be almost, but not quite, in proportion to the decline in prices since 1929. As stated already, I introduced my bill 14 months ago when I proposed a one-fourth cut. The additional decline since would in my judgment warrant the larger cut. Some people, however, feel that the cut ought not to be so great.

It becomes largely a question as to what consideration Congress feels should be given to debts contracted during the last three years. Illustrating again, if the cut be one-third, that would mean the present price level would increase 50 per cent, or rise on this chart to about 93. It would still be below July 1, 1929, when the index was 98. It becomes a proposition as to what figure would be for the best public

interest—what will be for the best interest of most of the people involved with a proper regard for fairness to all classes. Remember, that anything you do is infinitely fairer than the present situation, where a man who borrowed money in 1919 must pay his debt in a dollar worth almost three times as much as it was when the debt was contracted. Nothing can be more manifestly unjust than the present arrangement is to all debtors who signed notes, mortgages, bonds, or other paper between 1917 and the latter part of 1929. We know too the harvest we are reaping—bankruptcies, loss of homes, unemployment, poor relief in every community, a tremendous tax burden, lower wages causing disputes right at the door of the Capitol, and many other economic and social ailments, including even an epidemic of suicides.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield.

Mr. BURTNESS. Yes.

Mr. FIESINGER. Does the gentleman believe in staying on the gold standard?

Mr. BURTNESS. Yes; I believe in staying on a gold standard, but not the fixed gold standard of to-day. I am not a fiat-money man in any sense of the word. I believe it is absolutely essential that we have a monetary unit that is redeemable in something that is convenient, something of permanent and specific value, something that is wanted throughout the world; and gold serves the purpose of redemption as well as any other metal, if not better. I have no objection to the use of silver in part, but I do object to the use of either silver or gold at any arbitrarily fixed price. That price upsets the whole economic structure whenever the true value of the metal changes. Most Members of Congress are conservative and are opposed to arbitrary and general price fixing, and yet what have we done? In 1834 and again in 1837 Congress passed a law fixing the price of one particular commodity, gold. That price has stayed the same ever since 1837, despite of new discoveries of gold or reductions in the production thereof; and, of course, the result has been that while gold has fluctuated in real value, depending upon the supply of it and the demand for it and every other economic factor entering into its supply and demand, it has not changed in price; but such treatment of it has simply changed the price of every other commodity in the country. The general commodity-price level has fluctuated instead.

When it is suggested that silver should be included in our monetary system at an arbitrary ratio to gold, I submit to men who are behind the Wheeler bill and legislation of that type that to do so would simply be making the same kind of mistake with reference to silver as we have made with reference to gold, except that perhaps the situation would be somewhat worse, when we take a commodity now at a ratio of about 80 to 1 with gold and want to put it in at a value of 15 or 16 to 1. I have no objection to the use of silver at its actual market value in relation to other commodities, including gold. Its greater use in our monetary system would, of course, increase its general use; therefore its wantedness, and in turn its relative price.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. HOLADAY. Mr. Chairman, I yield the gentleman three minutes more.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes; for a short question.

Mr. FIESINGER. It will take some time in order to get legislation of that kind through Congress.

Mr. BURTNESS. I know what the gentleman has in his mind without his finishing question. If the gentleman will read my bill, he will find that the Treasury is protected against redemption of currency while the bill is under consideration. The method is harsh, it is true, but we propose to protect the redemption fund against withdrawals while legislation is being considered by later taxing away the profits that would be made by those who would rush down to the Treasury and attempt to make profits through with-

drawals. That is set out more in detail in my speech of last April 14, to which I invite the attention of those interested. I can furnish reprints thereof. Because the bill is explained in that speech, section by section, I will not do so again to-day.

There are two or three sections in the bill (H. R. 21) which provide for the issuance of Treasury notes, their redemption and reissuance from time to time. The notes are to be placed in circulation by purchase of United States bonds; and, of course, notes will also be issued on the purchase of gold for the redemption fund. Treasury notes are always redeemable in gold at the then current mint rate, which is changed automatically, or in silver at its current market price. The general purpose is to synchronize issues in such a way as to meet the minimum demands of business. The Federal reserve system is retained, as now, to provide the necessary elasticity in furnishing credit to accommodate the needs of commerce.

Mr. HOGG of Indiana. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. HOGG of Indiana. I would like the gentleman to explain how the operation of his bill, with which I am somewhat in sympathy, would increase the credit extended by banking institutions to their customers.

Mr. BURTNESS. The first thing that is needed to get people to do business in this country to-day, in my judgment, is to start an upward rise in the price level. The difficulty with the Glass-Steagall Act, the Reconstruction Finance Corporation act, and other acts of that sort is that they were all intended to provide additional credit; but until the people of the country have confidence that price levels will increase, the bankers will not avail themselves of such additional privileges, that is, they will not make loans to people who might desire to go into some new venture, because, unfortunately, both the banker and the business man do not now see any future in expanding present business or in starting a new one. We went through a rather useless performance here in increasing the amount of paper eligible for discount with the Federal Reserve Board when, as a matter of fact, there are millions of dollars of paper already eligible stored in many of the banks of the country, which are not now being used for rediscount purposes under prior laws. You start commodity prices going up and the girl in your office will be buying a new dress for fear that it will cost more later; orders will go from the retailer to the jobber and in turn to the factory; the person who wants to buy an additional piece of land to add to his holdings, but who still thinks that there may be a further deflation, will do so, and so on down the line. As this proceeds the necessary expansion of credit will be obtained from present agencies, more particularly through the Federal reserve system.

Inasmuch as I have referred to farm prices, let me say that this will do more than simply raise them 50 per cent to the farmer. Why do I say that? Our taxes, our interest, our transportation costs, and many other charges are fixed on the old standard of high levels. Increase the price of wheat at the terminals, Chicago or Minneapolis, by 50 per cent. What happens at the local elevator? The same increase takes place not in percentage but in cents. Assuming wheat is now 50 cents at the terminals, that means an increase of 25 cents on the farm as well as at the terminal, which means doubling the price on the farm under present conditions. The farmer to-day suffers from a system under which freight charges from the farm to his markets are based on the level existing several years ago. We want to bring the old relationship back, not by decreasing labor and transportation costs but by bringing the prices on farm products back to the former level.

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. PATMAN. Will the gentleman from Indiana yield the gentleman one minute more, so that I may ask him a question?

Mr. LUDLOW. Mr. Chairman, I yield the gentleman one minute.

Mr. PATMAN. The gentleman stated that he believes his proposal to be constitutional. He realizes, I know, that the Constitution of the United States is a grant of power. I would like the gentleman to state the particular section of the Constitution that grants him the right to impair the obligation of a contract.

Mr. BURTNESS. Section 10, Article I, of the Constitution provides that—

No State shall * * * pass any * * * law impairing the obligation of contracts.

There is no such inhibition upon the Federal Government. Of course, we must remember that in dealing with monetary questions we are proceeding under a direct grant of power given to Congress in section 8 of the same article, "to coin money" and to "regulate the value thereof," an unlimited and a tremendous power in dealing with money or contracts made in terms of money. Our Supreme Court has upheld the right of Congress to impair contracts, and the latter provision of the Constitution has been considered and given a broad interpretation, as already indicated, by the court in the legal tender cases. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. BURTNESS. Under leave to extend my remarks I submit herewith the splendid and illuminating public statement of Senator CONNALLY, which he handed to the press on January 19. Within a few days thereafter he discussed these same questions on the floor of the Senate and his speech may be found in the RECORD:

The value of the gold dollar must be reduced. It has attained an unnatural and artificial value measured in the price of commodities and measured by the indebtedness of the people, States, counties, and subdivisions. The enhancement of the value of the dollar has been brought about largely by the action of governments. The placing of India on a gold standard cheapened silver and unduly enhanced the price of gold. When England went off the gold standard her currency was cheapened and the value of gold enhanced. The depreciated currencies of foreign countries has made the dollar dearer and has helped to ruin our foreign trade. Since all other values have dropped, this indicates that the drop in values is due to appreciation of the value of gold.

Our people who owe debts contracted when wheat and cotton and other commodities were worth three times their present value can not pay their debts on the basis of the present value of the gold dollar. Unless the value of the dollar is decreased, home owners and farmers will lose their property by foreclosure, many insurance companies and mortgage companies will become insolvent, and almost universal bankruptcy may ensue because of the inability to discharge the indebtedness hanging over the people of the United States. The price of commodities is measured by the gold dollar as fixed by law. If the value of the dollar is reduced, the price of commodities will advance. If the American dollar is reduced, our foreign trade will revive. With the rise in commodity prices of wheat, cotton, and other commodities business will begin to improve. Through the reduced value of the dollar the ability of debtors to pay their debts will be measurably restored and normal activities will be resumed. It will also facilitate payment of taxes. Creditors will actually be benefited by a cheapened dollar. With present values, the creditor who forecloses is the loser. The property is worth less in his hands than in the hands of the debtor. Moreover, with the dollar properly revalued, creditors would receive as much as they loaned in actual value.

Every plan for inflation has for its purpose the lowering of the dollar to increase commodity prices. Such action is indirect and may have the desired result or may not. The way to revalue the dollar is actually to revalue it. I propose that the amount of gold in a dollar be reduced by law. The Constitution of the United States provides that Congress shall have "the power to coin money and regulate the value thereof." This is a sovereign grant of power to Congress to regulate the value of money in relation to the prices of other commodities, and for the purpose of stabilizing such values. Under this power it is my contention that Congress may reduce the amount of gold in a dollar and make such cheaper dollar legal tender in the payment of all debts and make it the current money of the country.

It may be said that such a course is drastic action. The country is faced by a critical situation. The welfare of the whole people must be paramount. In such an emergency the Government is authorized to exert its sovereign power to restore values and to prevent wholesale bankruptcy. Heretofore in the history of the United States the gold content of the dollar was changed by law. It is unjust and unfair that the \$5,000,000,000 of gold in the United States, through its artificial enhancement, through the action of Government, and through its hoarding, should de-

stroy many billions of values and property in the hands of citizens throughout the United States. This result can be prevented by the revaluation of the dollar and the restoration of the fair balance between it and commodities and debts.

Adjustments of salaries and wages will, of course, automatically follow, and they will also have the benefit of great relief in the general revival of business, which will reduce unemployment and make workers more prosperous.

Dr. G. F. Warren, professor of agricultural economics at Cornell University, has rendered yeoman service in this cause. Extracts from his treatise were inserted in the CONGRESSIONAL RECORD by Senator THOMAS of Oklahoma and can be found beginning with page 3263. It deserves your careful study. Let me insert here three short paragraphs under the heading "The Compensated Dollar":

THE COMPENSATED DOLLAR

The compensated dollar is a proposal to establish by law a currency redeemable in gold, but the weight of gold for which the dollar would exchange would vary with the index number of wholesale prices of all commodities, that is, if prices rose 1 per cent, the weight of gold for which the dollar would exchange would rise 1 per cent. If prices fell 1 per cent, the dollar would exchange for 1 per cent less gold. The gold would be kept in bars in the Treasury and central banks. This would keep the dollar stable in buying power for the average of all commodities.

The dollar has to be "rubber" either as to weight or as to value. It can not have a fixed weight and also have a fixed value. This proposal would give it a fixed value and a "rubber" weight. It raises the fundamental question as to whether a medium of exchange should be fixed in weight or fixed in value.

A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

Unless Congress performs its constitutional duty and regulates the value of money in the meantime, the next presidential campaign may well be fought out on the issue of monetary reform. It is not a question which should be settled through popular prejudice or passion but only by the application of close study and sound methods. Congress has the necessary ability and power to provide a solution if it will devote itself seriously to the task.

The text of the resolution on money passed by the delegates of the American Farm Bureau Federation at the annual convention held in Chicago on December 7, 1932, is in part as follows:

SOUND AND HONEST MONEY

We reaffirm our position upon the money question taken at the 1931 annual meeting. The Glass-Steagall bill liberating the rediscount privileges of the Federal reserve system, made it possible only to relieve the strain on the banks, but failed utterly to stay the trend of falling commodity prices.

The consensus of opinion of those in charge of the administration of the Federal reserve system in opposing the Goldsborough bill mandating the Federal reserve system through open market operations to raise the price level of commodities, to the level of 1926, and to maintain them at that point, was that the Congress was requiring the Federal reserve bank to perform the impossible thereby admitting the inability of that system through currency and credit effectively to raise and stabilize commodity prices.

Since that time commodity prices have continually fallen and conditions have now become so acute that unless arbitrary and effective measures are taken to reduce the purchasing power of the dollar to a point where commodity prices are restored to the level where major portions of long-term public and private debts were contracted, greater disaster and distress are sure to come upon our people.

Unimpeachable statistical evidence from both English and American sources shows beyond doubt that the purchasing power of the monetary units, which are based upon gold in all countries that are on the gold basis, followed directly in line with the gold production of the world. For nearly 100 years there has been but very slight variation and that, at times of upheaval due to war.

These facts clearly indicate that the unit of gold containing a definite amount fluctuates greatly in actual value, and, therefore, in its purchasing power. We, therefore, urge that the act of 1834 be immediately amended so that the price of gold shall be increased to \$30 per ounce for fine gold and that the redemption of all monetary units now in use in the United States shall be reduced to 16 grains to the dollar to conform thereto; that all the gold coinage immediately cease; that all existing American gold coins shall be reclaimed by the Treasury Department and converted into bars of convenient size and weight to be used for redemption and exchange purposes; that the index figure of the average commodity prices prevailing from 1920 to 1929 shall be

adopted as the base for calculation at 100; and that it shall be the policy of the United States to establish and maintain the commodity-price level at that point as near as is humanly possible.

In order to accomplish these results, we recommend that there be established within the Treasury Department a stabilization bureau absolutely free from any bank or other influences. The bureau shall use index figures of commodity prices as computed by the Bureau of Statistics of the Department of Labor, and upon the base of 100 shall advance or lower the price of gold so the price level shall be maintained to within 5 per cent of the index base. Whenever such change in the price of gold is made, it shall be strictly in accordance with such provisions. It shall be the further duty of the director of the bureau upon such determination to broadcast through all channels the market price of gold thus fixed and state the redemption value of the dollar in grains of gold.

We believe the above method is the only way to perpetuate the gold standard.

With a view of giving those interested a clearer picture of the information furnished by the Bureau of Labor Statistics, I include herewith a copy of the latest weekly bulletin. In addition to the weekly changes in the general commodity-price level, it also shows the price index for various classifications of commodities which in turn make up the whole. Note, for instance, how farm commodities have suffered more from price declines than any other group.

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C.

WHOLESALE PRICES FOR WEEK ENDING JANUARY 28, 1933

The Bureau of Labor Statistics of the United States Department of Labor announces that its index number of wholesale prices for the week ending January 28 stands at 60.4, as compared with 61.2 for the week ending January 21, showing a decrease of approximately 1 1/4 per cent. These index numbers are derived from price quotations of 784 commodities, weighted according to the importance of each commodity, and based on average prices for the year 1926 as 100.

The accompanying statement shows the index numbers of groups of commodities for the weeks ending December 31, 1932, and January 7, 14, 21, and 28, 1933.

Index numbers of wholesale prices for weeks of December 31, 1932, and January 7, 14, 21, and 28, 1933
(1926=100)

	Week ending—				
	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 28
All commodities.....	62.2	61.9	62.0	61.2	60.4
Farm products.....	43.7	43.8	45.2	43.0	41.3
Foods.....	57.9	58.1	58.2	56.0	54.1
Hides and leather products.....	69.1	68.9	69.2	69.0	68.6
Textile products.....	52.5	52.7	52.3	51.9	51.8
Fuel and lighting.....	69.0	68.1	67.8	67.6	65.2
Metals and metal products.....	79.3	79.1	79.0	78.2	78.2
Building materials.....	70.8	70.7	70.6	70.3	70.2
Chemicals and drugs.....	72.2	72.0	72.1	71.9	71.9
House furnishing goods.....	73.5	73.3	73.3	72.8	72.8
Miscellaneous.....	63.1	61.4	61.5	60.8	60.8

By way of fortification of my answer to the gentleman from Texas [Mr. PATMAN] with reference to the so-called gold clause "of current weight and fineness" in some bonds and mortgages, I submit a few authorities to which many more could be added.

In the famous and fundamental case of *McCulloch v. Maryland* (4 Wheat. 316) Chief Justice Marshall said:

The Government of the Union, though limited in its powers, is supreme within its sphere of action; * * * its laws, when made in pursuance of the Constitution, form the supreme law of the land. * * * Among the enumerated powers of government, we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the Nation are intrusted to its Government. (4 Wheat. 405, 406, 407.)

I quote further from the opinion in that case:

We admit, as all must admit, that the powers of the Government are limited, and that its limits are not to be transcended. But we think the sound construction of the Constitution must allow to the National Legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly

adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional. (4 Wheat. 421.)

From the Legal Tender cases (110 U. S. 421) I quote the following extracts from the opinion of Mr. Justice Gray:

The power of making the notes of the United States a legal tender in payment of private debts being included in the power to borrow money and to provide a national currency is not defeated or restricted by the fact that its exercise may affect the value of private contracts. If upon a just and fair interpretation of the whole Constitution a particular power or authority appears to be vested in Congress, it is no constitutional objection to its existence or to its exercise that the property or the contracts of individuals may be incidentally affected. The decisions of this court already cited afford several examples of this. * * *

So, under the power to coin money and to regulate its value, Congress may (as it did with regard to gold by the act of June 28, 1834, ch. 95, and with regard to silver by the act of February 28, 1878, ch. 20) issue coins of the same denominations as those already current by law, but of less intrinsic value than those by reason of containing a less weight of the precious metals, and thereby enable debtors to discharge their debts by the payment of coins of the less real value (110 U. S. 448, 449).

That the majority opinion of the court in the Legal Tender cases went so far as to uphold Congress in "the power to alter the condition of contracts between private parties and authorize their payment or discharge in something different from that which the parties stipulated" is plainly shown by the dissenting opinion of Mr. Justice Field (110 U. S. 451).

The Federal Government is not specifically included within the constitutional prohibition which prevents the States from enacting legislation impairing the obligation of contracts. In the case of *Mitchell v. Clark* (110 U. S. 633) Mr. Justice Miller, speaking for the court, says:

It is no answer to this to say that it interferes with the validity of contracts, for no provision of the Constitution prohibits Congress from doing this, as it does the States; and where the question of the power of Congress arises, as in the Legal Tender cases and in bankruptcy cases, it does not depend upon the incidental effect of its exercise on contracts but on the existence of the power itself. (110 U. S. 643.)

In one of the earlier Legal Tender cases (79 U. S. 457) the opinion of the court included the following extracts:

We come next to the argument much used, and, indeed, the main reliance of those who assert the unconstitutionality of the legal tender acts. It is that they are prohibited by the spirit of the Constitution, because they indirectly impair the obligation of contracts. The argument, of course, relates only to those contracts which were made before February, 1862, when the first act was passed, and it has no bearing upon the question whether the acts are valid when applied to contracts made after their passage. The argument assumes two things—first, that the acts do in effect impair the obligation of contracts; and, second, that Congress is prohibited from taking any action which may indirectly have that effect. Neither of these assumptions can be accepted.

Nor can it be truly asserted that Congress may not by its action indirectly impair the obligation of contracts if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may, and must operate seriously upon existing contracts, and may not merely hinder, but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts. And it is no sufficient answer to this to say it is true only when the powers exerted were expressly granted. There is no ground for any such distinction. It has no warrant in the Constitution or in any of the decisions of this court. (79 U. S. 547, 548, 549, 550.)

Naturally there is no decision directly holding that Congress has the constitutional power to abrogate the "current weight and fineness" clause used in some bonds, for no such attempt has been made. The practice to include such clause arose subsequent to the Legal Tender cases.

There are, however, analogous decisions to aid us in reaching our conclusion. For instance, the Constitution gives to Congress the power to regulate interstate commerce. In exercising that power it has often impaired the obligations of existing contracts, including even charters entered

into between States and transportation corporations. The following is from the opinion of Mr. Chief Justice Taft in the case of *State of New York et al. v. United States, Clark, et al.* (257 U. S. 591):

The next objection is that the State has a charter contract with the New York Central Railroad Co. by which the latter is bound not to charge more than 2 cents a mile for passenger carriage between Albany and Buffalo, and that, if the transportation act permits the Interstate Commerce Commission by such an order to enable the railroad company to violate its contract, it impairs the obligation of a contract in violation of section 10, Article I, of the Federal Constitution. That section provides that "no State shall * * * pass any * * * law impairing the obligation of contracts," and does not in terms restrict Congress or the United States. But it is said that it deprives New York and her people of property without due process of law. We said in *Addyston Pipe & Steel Co. v. United States* (175 U. S. 211, 230): "Anything which directly obstructs and thus regulates that commerce which is carried on among the States, whether it is State legislation or private contracts between individuals or corporations, should be subject to the power of Congress in the regulation of that commerce." *Louisville & Nashville Railroad Co. v. Mottley* (219 U. S. 487). See also *Scranton v. Wheeler* (179 U. S. 141, 162, 163); *Union Bridge Co. v. United States* (204 U. S. 364, 400; 257 U. S. 600, 601).

The direct grant of power given Congress to "regulate commerce with foreign nations and among the several States" is surely no broader in principle or purpose than the grant to "coin money and regulate the value thereof." All parties to contracts are legally bound to know that Congress may in the future exercise its authority to enact legislation that may affect or even impair the obligations thereof.

That the members of the Constitutional Convention did not intend to prohibit the discretion of Congress to enact legislation in the public interest, even though it might impair the obligations of contracts, seems clearly shown by the careful arrangement of the sections and articles of the Constitution itself. Section 8 of Article I sets out in detail the powers of Congress. Among them are the grants hereinbefore referred to. Section 9 of the same article sets out eight specific inhibitions upon the power of Congress and section 10 about the same number of inhibitions upon the respective States.

Included in section 10 is a specific provision that "no State shall * * * pass any bill of attainder, ex post facto law." In section 9 we have a similar limitation on Congress in the language "no bill of attainder or ex post facto law shall be passed." Nothing is left to speculation in that regard. Section 10, dealing with States, says, "No State shall * * * pass any * * * law impairing the obligation of contracts." No similar language can be found in section 9, the section specifically limiting the powers of Congress. This is most significant and indicates very definitely to me that it was not the intention that Congress in its discretion, acting under the express and implied powers granted to it, should be prevented from passing laws impairing the obligation of contracts. In other words, that inhibition, in my opinion, applies only to States.

In closing, I feel justified to quote the last two paragraphs of my speech of April 14, 1932:

I confidently submit H. R. 21 as well-thought-out legislation, based upon sound economics for immediate enactment. Its passage would permit debtors to retire their indebtedness, would safeguard the securities held by creditors, including all financial institutions, would greatly minimize the age-old struggle between capital and labor by doing away with changes in the cost of living, would reduce the hazard of all business enterprises by taking out the gamble involved in fluctuating general price levels—fluctuations in the value of gold, would remove the key log in the jam blocking restoration of prosperity, would end the tremendous losses incurred by creditor and debtor classes in the past whenever the price level has increased or decreased, and would greatly minimize, if not absolutely prevent, recurring depressions in the future.

These and many more will be the good results of any legislation permanently providing a monetary unit constant and stable in buying power. Congress and the country are confronted with no task of as transcending importance as that of providing at once, and for all time to come, an "honest dollar."

Mr. LUDLOW. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman and gentlemen of the committee, the question before the House is, When is a

budget not a budget? On the 17th of last month this House was regaled with a message from the President of the United States stating that the House paid no attention to his economy program and that the House in the bills so far passed and reported by the Committee on Appropriations has exceeded his estimates by \$163,000,000.

Upon that occasion he gave a statement to the newspapers to the same effect.

I hold in my hand another statement given out at a later date, in which he said that the annual appropriation bills already reported to the House would be an increase of \$163,000,000 over and above the President's Budget recommendations.

On the other hand, the bills that have been reported and passed by the House show a decrease in the estimates contained in the President's Budget of \$54,000,000. That brings up the question, What is the Budget, or which is the Budget?

I would not have paid much attention to this propaganda if it had not been for the fact that a Member of this House, a member of the Committee on Appropriations, a gentleman who had served on that committee for over 15 years, and who had been chairman of that committee for 3 years, had not taken up the subject, agreed with the President, and castigated the House and the Committee on Appropriations for not paying attention to the program contained in the President's Budget. Let me review the gentleman's remarks. I refer to the gentleman from Indiana [Mr. Wood]. I advised him I intended to reply to his speech, but unfortunately the gentleman is not upon the floor of the House at this time.

The gentleman said:

There is nothing in the bills reported by us to the House presented here that shows anything whatever with reference to permanent appropriations. There is nothing in the bill that shows anything whatever with reference to nonrecurring items. I think that either the bill or the report should show the permanent appropriations.

Now, this gentleman has been a member of the Committee on Appropriations for over 15 years. He has been chairman for three years. If the great reform he suggested was commendable and worth while, why did he not inaugurate it when he was chairman of the committee and had a majority of his party on the committee and in the House for three years? However, the gentleman has forgotten. He is mistaken, because every report of every subcommittee contains a complete list of the permanent appropriations. I make this statement to correct the gentleman's record and the record of the Appropriations Committee.

The gentleman from Indiana, in discussing the Budget, said:

Had the gentleman read that message in its entirety, accusing us of not paying any attention to the Budget and overriding the Budget, he would have seen what the President was complaining about was that we did not stop at the maximum, that we did not adhere to the maximum, but we paid no attention to economy recommendations.

Now, what is the Budget? What is the Budget submitted to this Congress, and the amount thereof? I am going to read the Budget law:

The President shall transmit to Congress on the first day of each regular session the Budget, which shall set forth in summary and in detail, (a) estimated expenditures and appropriations necessary, (b) his estimates of receipts to the Government during the ensuing fiscal year (1) under laws existing at the time the Budget was transmitted and also (2) under revenue proposals, if any.

The Budget law further provides that if his estimates exceed the estimated revenue for that coming year, together with the amount available in the Treasury to pay those appropriations, then he shall recommend to the Congress some means of raising the money to balance the Budget for that fiscal year.

Section 204 of the Budget Act reads:

Except as otherwise provided in this act, the contents, order, and arrangement of estimates of appropriations and statement of expenditures and estimated expenditures contained in the Budget or transmitted under section 203, and notes summarized therein, shall conform to the requirements of existing law.

In other words, if the President makes a Budget and transmits it to Congress, he must make those estimates under the requirements of existing law.

Mr. BOYLAN. And not "phantom laws"?

Mr. BUCHANAN. No; not phantom laws or changes of laws that he may have in his imagination. In other words, remember, his estimates submitted to Congress under the Budget law must be based on existing laws and existing authorizations.

Now, understanding the law creating the Budget system, what do we have here? Here is the Budget estimate. We have, first, the column which is the regular Budget, showing the total estimates \$4,403,178,032. That is the real estimate. That is his Budget. Why? Because it is followed in the body of the Budget by a detailed statement of every appropriation allotting that exact amount to the different departments, the different bureaus and the different subbureaus or organizations in that department. Four billion four hundred and three million one hundred and seventy-eight thousand dollars. That is the Budget. Do you see this document? That happens to be the appropriation bill for the Department of Agriculture, printed by the subcommittee of the Committee on Appropriations dealing with agriculture. A similar document to that is printed for every subcommittee of the Committee on Appropriations. It contains figures as contained in this first column of the Budget, allocating that amount throughout each department in this bill—\$4,403,178,000. Can there be any question but what that is the Budget? We have reduced that Budget \$56,000,000 or \$57,000,000, and yet the President sends a message to Congress that we have increased his Budget \$163,000,000.

Mr. FIESINGER. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. FIESINGER. Are not the words or the phrase "balance the Budget" rather a misnomer? Do we not mean by that to balance the expenses with income?

Mr. BUCHANAN. We mean by that, that for the appropriations we make we must provide the revenue to meet them. That is what the law says.

Mr. FIESINGER. It is really a balancing of the appropriations rather than balancing the Budget the gentleman has spoken about.

Mr. BUCHANAN. I mean to balance the Budget for that year, to balance the appropriations; but the law says that when he sends his estimates in his Budget, if those estimates exceed the revenue, then he must advise the Congress of some way to raise that revenue in order to make the receipts practically the same amount as the expenditures.

Mr. FIESINGER. We are not trying to balance the Budget the President submits. As I understand, we have been going lower than the Budget estimate in these appropriations.

Mr. BUCHANAN. All the time. Let me tell something that happened in the last session of this Congress. We decreased the estimates contained in the present Budget \$185,000,000. In this session of Congress so far we have decreased the estimate of the President as contained in the Budget over \$56,000,000, making for this Congress a decrease in the President's estimate of what he requested Congress to appropriate of over a quarter of a billion dollars, yet he says we have increased his Budget this session.

Now, let us see upon what he bases that. Here is the second column, and he calls it—

Fiscal year 1934 estimates as modified by additional recommendations in the Budget's message.

In other words, he sends his Budget, as set forth in column 1, amounting to \$4,403,000,000, and then sends a Budget message to modify the Budget. What is that Budget message?

I recommend to Congress that they decrease the compensation to Government employees an additional 11 per cent.

Mind you, the salaries of Government employees are fixed by law and it takes legislative action to decrease them.

I further recommend that you take \$127,000,000 off the compensation due veterans of the World War.

Recommendations to Congress for legislation to reduce the governmental expenses by those two items; yet he claims that is his Budget!

There is no such thing as two budgets. There is no such thing as an alternate budget, because the law prohibits it.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. BOYLAN. We were confronted this year, then, by a real Budget and by a phantom budget, were we not?

Mr. BUCHANAN. Oh, it is not even a phantom budget. It is not a ghost budget. It has no resemblance to a budget.

Mr. BOYLAN. But our work was based on his Budget estimate and not on the ghost budget.

Mr. BUCHANAN. Well, he has not even got a ghost to base it on. Let me speak frankly. This regular Budget I have been discussing was made up and sent to the printer and the most of it set in type before this phantom budget, miracle budget, or ghost budget was ever conceived.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SHALLENBERGER. I am very much interested in this point. Is it a fact the Budget recommends appropriations to carry out laws already in effect?

Mr. BUCHANAN. Absolutely.

Mr. SHALLENBERGER. Yet the savings he recommends can not be carried out without the change of existing laws, which the Committee on Appropriations have no power to do.

Mr. BUCHANAN. That is absolutely correct. There is no way the Committee on Appropriations could have done it; it requires legislation, and comes under the constitutional requirement that the President shall advise the Congress of the state of the Union.

Mr. SHALLENBERGER. That is the reason the gentleman said it is not a Budget at all, but merely a recommendation.

Mr. BUCHANAN. Absolutely, a recommendation to be classed with any other recommendation he might make for legislative action.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. OLIVER of Alabama. In connection with the very interesting statement the gentleman is making, attention should also be called to what we find in reference to the President's Budget recommendations as to appropriations for the Navy Department. Since 1930 the President has refused to permit the Wage Scale Board to meet. Last year the economy bill carried a provision to this effect. However, the President in submitting what has been termed his ghost estimate for the Navy in the last days of November undertakes to cut the pay of all laborers in navy yards 30 per cent. In other words, he suggested that during 1934 they should be cut 38½ per cent, based on an assumption that in 1934 the Wage Board would be allowed to meet, which he had denied them in past years, and that when they met they should find that the disparity between the amounts paid in navy yards and on the outside was 30 per cent, and on such assumption he bases his estimate.

Mr. BUCHANAN. That is correct. Now, let me call attention to something else. The gentleman from Indiana [Mr. Wood] said, as did the President, that we have increased the President's Budget \$136,000,000 plus. I quote Mr. Wood's language:

This occurred in very many different ways. It has occurred by reason of the appropriations being made that might have been deferred. It has also occurred by reason of deferred appropriations that should have been made, which simply postponed the evil day. These, if you please, together aggregate \$136,000,000 in the bills already provided for.

Some more legerdemain! In other words, \$163,000,000 in excess of the Budget has been caused by making some appropriations we ought not to have made, and by refusing to make other appropriations we should have made. In

other words, if we make an appropriation of \$100,000 that we should not make and refuse to make an appropriation of \$100,000 we should have made, the sum total must be \$200,000, according to Mr. Wood, when, as a matter of fact, the sum total would be a zero, with the mark rubbed out. Why, as Mr. Wood said, \$38,000,000 of actual reductions we are making is merely a paper reduction, merely postponing to the future Congress the necessity of appropriating the money in a deficiency bill.

Have you forgotten, have the gentlemen on the Republican side of the House forgotten, when we were reducing the President's estimates in the last session of Congress \$185,000,000, that the gentleman from Nebraska [Mr. Simmons] got up and complained that such were paper reductions, were merely postponing a necessary appropriation for political effect as we approached the elections; and he predicted that the deficiency bill this year would be one of the greatest in the recent history of this Congress.

We reduced the appropriations under the Budget estimates in the last Congress \$185,000,000. This Congress has met; the first deficiency bill has been submitted, acted upon, and passed, and how much do you reckon it carried? Four million dollars. This is one of the smallest deficiency bills ever enacted in the recent history of this Government, and not a single item of our \$185,000,000 reduction was included therein. This was a prophecy.

Now another prophet has arisen, Mr. Wood of Indiana. He says that we will have to make at the next session of Congress these appropriations that we decreased. He criticizes us for not making appropriations and then criticizes us for making appropriations. He blows hot and cold out of the same mouth, almost the same breath, and the Good Book says, "Spew him out."

And let me refer to a few figures. Take the agricultural bill. Mr. Wood says the total Budget estimate is \$115,883,000. In fact, it is one hundred and eighteen million and some odd dollars. He said we increased this bill \$2,931,000 above the Budget estimate, when, as a matter of fact, we decreased it \$7,883,000 below the Budget estimate.

Take the Interior Department bill. He says we increased the Interior Department bill \$1,506,000 above the Budget estimate, when, as a matter of fact, we decreased it \$2,917,000. And so on down the line. I could read you more figures. It is unnecessary. Our deductions under the Budget aggregate \$54,000,000 in the bills already passed.

There is a decrease of \$38,000,000 in the specific items of the President's Budget estimates that Mr. Wood says are merely paper savings; that is, they are merely deferred to another session of Congress.

Mr. Wood is a good man. I have served on the Appropriations Committee for many years. Mr. Wood, if let alone, is a real economist, believes in economy, acts for economy, and when he was chairman of that committee he voted for economy. I will say that much for him. But he has been imposed upon by a set of figures which he placed in the Record on February 1 undertaking to show that certain reductions made by the Appropriations Committee under the Budget estimate are not real savings, but merely postponements. He is too old a man to take these statements seriously, as he appears to take them. Were he chairman, instead of playing the rôle of critic for a once distinguished but now extinguished President, he would pay no attention to such statements.

Mind you, when I told you the last session of Congress we reduced the estimates \$185,000,000, I was not including in that figure economies obtained by the economy act. That is \$150,000,000 more, or making for the last session of Congress a total reduction of \$400,000,000.

I am going to review just a few of these cuts that the Appropriations Committee made and the House confirmed that Mr. Wood says are merely postponing the day of reckoning and will have to be made in the next Congress. The list contains an item \$13,000,000 reduction in the estimate of payment for tax refunds. Mr. Wood says that in the next session of Congress in a deficiency bill we have got to make that appropriation.

Now, let us see what the facts are. The President asked for \$68,000,000, and the House allowed \$55,000,000 expenditures for this purpose in the first four months of the present year, totaling \$18,000,000, and at that rate it would equal \$54,000,000 for the year, and the committee allowed \$55,000,000.

In other words, we allow them for the next fiscal year the same rate of expenditure that they needed and are expending for this fiscal year, and yet Mr. Wood says that this is an appropriation that will have to be made at the next session of Congress and we are making a mere paper saving. I may remind you that Mr. Wood is a member of this committee, and sat on the committee, and we heard no such statement from him at that time or at any other time in the consideration of this bill in the committee until he was furnished with these mythical figures by the miracle President in a phantom budget.

Included in the cuts criticized by the gentleman from Indiana is one of \$200,000 for enlarging public buildings, and he says that there will be appropriations later for this same purpose. How does he know? The buildings may not need to be enlarged, or, if they need enlargement, it may be they can wait until the country emerges from this depression; and yet Mr. Wood of Indiana, the spokesman of the President on this floor, criticizes us when he says we exceed the Budget and then condemns us for not making such appropriations. I know he did not read the great list of figures furnished him by the Budget or the President or probably by both, and the statement is simply based on a deceptive program to mislead the people and to deceive them.

Let me tell you something else, and this is serious: I do not think any man occupying a high station of honor, trust, and confidence in our Government should join the corps of calamity howlers who are undermining the confidence of the American people in their Government. Public sentiment is a dangerous thing, not only to individuals in their respective communities and not only to cities, towns, and counties, but is dangerous to the Nation itself.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. BUCHANAN. So we have a peculiar situation in our country to-day when the man occupying the highest station in the gift of the people has joined the calamity howlers in certain sections of our country who are trying to undermine the confidence of the people in their own Congress and in their own Government.

I may say, and this may be unkind, that the confidence of the people in the President himself has already been evidenced. His is one branch of the Government about which the people have spoken, and now he is undertaking to undermine their confidence in another branch of the Government, when you know that we, by effort of head, hand, and heart, are striving to reduce appropriations and making substantial progress.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. OLIVER of Alabama. The gentleman has shown how inaccurate, unfair, and misleading are these public statements by the President. I wish to call the gentleman's attention to the last statement, which is even more unfair and misleading than others, because he coupled the appropriations which the House recently approved for the Departments of Justice, State, Commerce, and Labor with that for the Veterans' Bureau, the savings in the Veterans' Bureau being predicated, as you state, on legislation not yet considered, when the President should have known and the Bureau of the Budget did know that the appropriations which this House approved last week for these four departments were \$2,000,000 under what they would have been had all legislation recommended by the President passed the House. The appropriations for these four departments is coupled with that for the Veterans' Bureau, when standing alone they would show a saving of \$2,000,000, even under

these "phantom estimates" of the President, and \$5,700,000 under his Budget estimates.

Mr. BUCHANAN. Absolutely.

Mr. Chairman, I have only a little time remaining, and I am going to refer to Mr. Wood of Indiana and quote from his speech, where he says that he believes in a balanced Budget. I join him in this belief. I believe the Congress of the United States by all means, as a primary necessity for national prosperity, should maintain the credit of our great Nation, because unless the Nation has this credit the individuals who compose the Nation will not have confidence in it.

I am not going to discuss means of balancing the Budget; but here is what Mr. Wood states in conclusion, after discussing the question of balancing the Budget:

If this is not done by this Congress, I fear it will not be done by the next one. God alone knows what that Congress will do. We can only hope for the best.

I wonder if the influence in Mr. Wood's mind that caused him to make this statement is the fact that the next Congress is Democratic. Whether this may be true or not, I will tell Mr. Wood one thing that the next Congress will do. They will put this Government upon a real economical basis and quit squandering the money of the people. This is one thing they will do, and, probably, the first thing they will do.

The second thing they will undertake, and I believe will accomplish, is an international agreement to remove the barriers that have obstructed and destroyed our commerce with the other nations of the earth.

Another thing I believe they will do is to refinance the farm mortgages of this country and instill hope in the hearts of the millions who till the soil. [Applause.]

[Here the gavel fell.]

Mr. HOLADAY. Mr. Chairman, I yield 40 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, the time has come to handle without gloves those who would denationalize the United States.

The time is here to unmask those disloyal and seditious organizations and individuals who are attempting to destroy the independence of the United States, to subvert her national integrity, and to involve her in advance in the next European war.

The time is here fully to disclose to the American people the iniquitous intrigue against the public safety and the sovereignty of the United States.

One of the fundamental policies of the United States in relation to her foreign affairs was to refrain from interference or participation in the political affairs of Europe.

In 1917 the United States entered the World War in violation of this fundamental policy. It is clear that the present economic prostration of the United States, her increasing social disorders, and the menacing challenges to her institutions are due in large part to the abandonment of this traditional and salutary policy.

The activities in the United States of the agents and sympathizers of the European belligerents and of American international banking and business interests had much to do with promoting the public opinion which in 1917 hurled us into the European cataclysm and thereby precipitated our present ruin.

These activities were accompanied by a vast expenditure of money and the dissemination of unlimited propaganda. These same methods are now being employed by those disloyal and seditious organizations and persons who would denationalize the United States and involve her forever in the affairs of Europe, a continent of political instability, militaristic policies, and financial irresponsibility.

The manipulation of public opinion by high-cost organized propaganda from sources which do not represent the general public will have become the poisoned cup from which the American Republic will perish.

The ballot in the United States has become a negligible factor in expressing public opinion and in influencing national legislation and party platforms.

In 1916 the American people voted against entry into the European war. Early in 1917 the United States entered the war.

Since 1920 the American people have voted repeatedly against political interference or participation in the political affairs of Europe. They have again and again expressed themselves decisively as opposed to political internationalism. Notwithstanding, they have seen party platforms and elected and appointed American officials repeatedly nullify their expressed will. This has occurred because the public opinion which writes party platforms and influences Government officials is subtly manipulated by high-cost propaganda, emanating from disloyal, seditious, and alien-minded sources, and from sources of self-interest and personal gain.

The subtle and high-cost propaganda which initiates Federal legislation and directs American policies is the invisible Government of to-day. It is cynically agreed in Washington that cost alone limits the delivery of public opinion in any direction upon any issue.

It is the preeminent duty of the Congress of the United States to preserve American independence, to safeguard American nationality, and to keep the United States out of war.

The Congress can perform this duty only by throwing the bright light of publicity upon the foul intrigue now being perpetrated against the American people. The activities and vast expenditures of the disloyal and seditious organizations, which are now poisoning American public opinion at its source, demand complete exposure. Their purpose and methods should be disclosed. Their expenditures for the pollution of the pulpit, the platform, institutions of learning, and the press of the country should be uncovered. Those who are being paid should be named and identified.

The foreign policy of the United States is a political question and these subversive organizations have a political platform concerning the foreign policy of the country which places them within the scope of a congressional investigation.

Their platform, briefly stated, consists of four planks:

First. The entry of the United States in the Permanent Court of International Justice of the League of Nations.

Second. The entry of the United States into the League of Nations.

Third. The disarmament of Europe, but first the disarmament of the United States.

Fourth. The destruction of American neutrality by an affirmative commitment under the so-called Kellogg-Briand pact.

The Permanent Court of International Justice of the League of Nations is a political court, which was inevitable on account of its subordination to the League of Nations, and which was demonstrated again recently by its decision on the proposal for the economic union of Germany and Austria. It is the bureau, organ, political instrumentality, agent, and servant of the League of Nations. The judges of the principal European powers are selected for their mastery of crafty European diplomacy.

For the United States to join this court would be to submit her questions to European decisions and to become involved for all time in the political affairs of Europe. To join this political court would be an intermediate step toward joining the League of Nations, and is so asserted by the internationalists.

The League of Nations is a British conception and not an American conception. In *Papers Relating to the Foreign Relations of the United States, 1915: Supplement; the World War*, published by the Department of State, we find on pages 64 and 65 a letter written to Secretary of State Lansing from The Hague on September 7, 1915 (which was long before the United States entered the war) by the minister in the Netherlands, Dr. Henry Van Dyke, in which it is reported that Sir William Tyrrell, secretary to Sir Edward Grey, British Secretary of State for Foreign Affairs,

stated to Doctor Van Dyke "that he thought a 'league of nations' should be formed to prevent the recurrence of such a war as this."

The League of Nations is a European political mechanism, the pawn of the principal European powers, bankrupt morally and physically by its conduct in relation to Japan, financially by default of its guaranteed loans, and intellectually by its abandonment of reality for the pursuit of vain futilities.

The League of Nations exists for the enforcement of the Versailles treaty. The Versailles treaty was a treaty of force, hate, oppression, and chaos. It has already been vitally amended by agreement. It must be further vitally amended by negotiations or it will be by war. It would have been an eternal dishonor for the United States to have signed the Versailles treaty as originally proposed. Should the United States now join the League of Nations, she would be involved without choice in the next European war. The decision would not be hers.

Should the European nations disarm upon the insistence of the United States, the United States would be morally committed to intervention in the next European quarrel.

Any affirmative commitment under the so-called Kellogg-Briand pact would destroy American neutrality, which has been the priceless heritage and safeguard of the United States since the founding of the Republic, and inevitably would mean war in support of one group of the belligerent European nations in the next war. The United States should remain the great neutral nation.

The largest and most formidable promoters of the subversive, disloyal, and seditious movement against American independence and American neutrality are (1) the so-called Carnegie Endowment for International Peace, which has an endowment of \$10,000,000, supplemented by the endowment of \$125,000,000 of the Carnegie Corporation, and (2) the John D. Rockefeller interests and the Rockefeller Foundation, with an endowment of \$165,000,000.

These organizations not only are spending vast sums of money directly to involve the United States in Europe, but they are also subsidizing many other organizations and activities having the same purpose. The interlocking directorships and memberships of many of these organizations are significant.

The question of paramount importance at the moment is: Shall the Congress of the United States and the American people allow its foreign policy, its independence, and its neutrality to be dictated by \$300,000,000 of Carnegie and Rockefeller money? Shall American independence and neutrality be put upon the auction block like merchandise to be bought and paid for?

Andrew Carnegie was alien born and alien minded. What he thought of American independence and what his plans and aims were may be seen from the following statements which he made at various periods of his life.

In "An American Four-in-Hand in Britain," written by Andrew Carnegie and published in 1883, we read:

* * * O Scotland, my own, my native land, your exiled son returns with love for you as ardent as ever warmed the heart of man for his country. It's a God's mercy I was born a Scotchman, for I do not see how I could ever have been contented to be anything else.

In an address delivered at Grangemouth, England, on September 14, 1887, Mr. Carnegie declared:

If I have any aspiration in the world, it is that during my life I may do something * * * to bring about the union of the two great branches of the same people with which I have the honor and the privilege to be connected.

In his book, "Triumphant Democracy," published in 1893, Mr. Carnegie stated:

Briton and American being now fully agreed that those who made the attempt to tax the colonists without their consent were wrong, and that in resisting this the colonists vindicated their rights as British citizens, and, therefore, only did their duty, the question arises, Is a separation thus forced upon one of the parties, and how thus deeply regretted by the other, to be permanent?

I can not think so, and I crave permission to adduce some considerations in support of my belief that the future is certainly to see a reunion of the separated parts and once again a common citizenship.

There follow six reasons, and then Mr. Carnegie goes on to say:

* * * Some day, therefore, delegates from the three now separated branches will meet in London and readily agree upon and report for approval and ratification a basis for the restoration of an indissoluble union of indestructible states.

Let men say what they will, therefore, I say that as surely as the sun in the heavens once shone upon Britain and America united, so surely is it one morning to rise, shine upon, and greet again the reunited state, "The British-American Union."

In an article written by request for the London Express, October 14, 1904, entitled "Drifting Together—Will the United States and Canada Unite?" Mr. Carnegie had the following to say:

Canada's destiny is to annex the Republic, as Scotland did England, and then, taking the hand of the rebellious big brother and that of the mother, place them in each other's grasp, thus reuniting the then happy family that should never have known separation.

In "The Life of Andrew Carnegie," by Burton J. Hendrick, published in 1932, we read that in December of 1868 Andrew Carnegie drew up a memorandum as a plan of life in which appeared this statement:

Settle then in London and purchase a controlling interest in some newspaper or live review and give the general management of it attention. * * *

Later in the book it is stated that Mr. Carnegie in after years became "the proprietor of 15 or 20 organs of public opinion, for the most part in England and Scotland."

As may be seen from his own statements, Mr. Carnegie never believed in American independence, American sovereignty, American neutrality.

When in 1910 Mr. Carnegie determined to enter the American political field and to dictate American foreign policy, and established for this purpose a \$10,000,000 endowment, he chose to name it the "Carnegie Endowment for International Peace," and not the "Carnegie Endowment for the Abolition of American Independence." For the Washington headquarters of his political activities there was chosen a site just across the street and half way between the White House and the Department of State, whose policies he was determined to dictate. The lobbyists of his endowment have always had ready access to and have constantly frequented both of these Government establishments, where the foreign policy of the United States is largely fixed. It can be proved that nearly all the agitation and vast expenditures made for the propaganda for American adherence to the Permanent Court of International Justice of the League of Nations were directed and managed by this organization. The inclusion in both the Republican and Democratic platforms last year of identical planks favoring entry of the United States into the Permanent Court of International Justice of the League of Nations and for the surrender of American neutrality were the direct results of the activities of this organization. Never before have identical planks on a highly controversial issue been adopted by the two political parties except in the case of the prohibition planks adopted by both parties between 1920 and 1930, which planks were dictated by the Anti-Saloon League. The exposure of the propaganda methods and the vast expenditures of this organization by two congressional investigations brought about the downfall of the tyranny of prohibition. A congressional investigation of the propaganda methods of the Carnegie Endowment and of its allies will insure preservation of American independence and American neutrality.

Until 1920, due primarily to the World War, the activities of this Endowment were astutely directed largely to the promotion of arbitration, a sound American policy. Since 1920, with increasing intensity, this Endowment has sought by every means, by vast expenditures for publicity and for subsidizing, to involve the United States in the political affairs of Great Britain and Europe.

The methods employed by this Endowment, with its vast financial resources, are varied. It organizes and finances international clubs; it publishes international literature; it establishes "international mind alcoves" in libraries, even for children; it imports foreign propagandist speakers and lecturers; it pays American professors and students liberal amounts, which go under the name of honoraria, for the promotion of the political policies of the Endowment. It sends American economists and social scientists to Europe, and particularly to Geneva, as guests of the Endowment, thereby placing them under obligation upon their return to be propagandists for what the Endowment advocates and to instruct their pupils as to the desirability of the entry of the United States into the League of Nations. It finances the organization of public mass meetings throughout the United States on Armistice Day to preach the political platform of the Endowment. It has set up in Geneva an American committee of the League of Nations Association and distributes political literature. In relation to this activity we read on page 65 of the 1932 yearbook of the Endowment:

Literature of various international American and British organizations is on display, and a staff of assistants is ready to make plans and give information to the many visitors who come in for advice.

On pages 66-67 of the yearbook we learn that the Endowment supplies funds to the Geneva Institute of International Relations and to the National World Court Committee; also that it appoints and finances an American "to act for one year as American representative of the Endowment and the League of Nations Association in Geneva." On page 67 there appears the following concerning this American representative:

He is maintaining contact with officers of the league and is a member of the committee in charge of the Geneva Institute of International Relations. This involves correspondence from Geneva with committee members in the United States and Great Britain * * *

The Endowment finances a National Student Forum on the pact of Paris, and on page 70 of the yearbook we read:

The national committee in charge of the National Student Forum is composed of approximately 300 State and city superintendents of education, high-school principals and teachers, editors of educational publications, and leaders in educational and religious organizations. In each State there has been organized a working committee of superintendents and high-school principals which promotes the work of the forum in the high schools of the State. * * *

The yearbook goes on to say that—

In 1931-32 it is hoped to assist 5,000 high schools and to reach approximately 300,000 students.

The Endowment maintains in England an international house, known as the Dunford House, where internationalists, American and English, and others devoted to the theory of free trade, meet regularly.

The Endowment finances "international relations clubs." On page 78 of the yearbook we read:

At the close of 1931, there were 319 clubs in the United States, an increase of 99 since the last annual report was written. These new clubs are distributed throughout 37 States.

And on page 79 we read:

Some of the clubs listen regularly to broadcasts on international subjects by the Foreign Policy Association and the Institute of Pacific Relations.

Paid representatives of the Carnegie Endowment attend conferences of these clubs, which organize "League of Nations assemblies." On page 85 of the yearbook it is stated that—

A party of British students and their faculty advisers came to the United States as guests of the endowment to attend a British and American students conference, held at the University of Michigan, Ann Arbor, July 12-19, 1931.

On page 86 of the same publication it is stated:

There are 15 active clubs in the British Isles. As authorized by the directeur-adjoint of the Centre Européen in the summer of 1931, Mr. Norman H. Poole, secretary of the British Universities League of Nations Society, is now in charge of the International Relations Clubs in the British Isles, reporting directly to

the executive secretary at New York in order that the club work may be carried on under one head throughout the world.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. SUMMERS of Washington. Does the gentleman know whether the Carnegie Foundation advocates the recognition of Soviet Russia by the United States?

Mr. TINKHAM. Not that I know of.

The president of the Carnegie Endowment for International Peace, the chairman of its executive committee, and the director of its first political propaganda division, known as the Division of Intercourse and Education, is Nicholas Murray Butler, who is also chairman of the advisory council of the League of Nations Association (Inc.), and whose attitude toward his country, I have no hesitation in designating as disloyal and seditious.

The director of the second political propaganda division, known as the Division of Economics and History, is James Thomson Shotwell, an expatriated British subject.

We descendants of old Americans refuse to submit to these dictators of the foreign policy of the United States, whose purpose it is to denationalize the United States, to destroy her independence, to involve her in European political affairs by entering, first, the Permanent Court of International Justice of the League of Nations and then the League of Nations, and to abolish her neutrality.

We descendants of those who established civilization upon this continent, fought the battle of Bunker Hill, died at Valley Forge, saw the rising of the sun at Yorktown, and drew up the Constitution of the United States; we whose ancestors flew the American flag upon the seven seas in 1812, are ready here and now to fight again the battle of the Republic, without quarter and without cease, by all the means that lie within our power, to expose the plotters against American independence, American sovereignty, American neutrality, and American safety. We accept the gage of battle which has been flung in our faces.

Nicholas Murray Butler states he is for peace. There will be no peace on the American continent unless he retires to England or fights the second battle of Bunker Hill.

The Congress of the United States can save the American Republic by an investigation of its enemies, who are plotting against its independence, its neutrality, and its safety.

If no action is taken at this session upon the resolution which I am introducing to-day, I shall reintroduce it in the next Congress and press for its adoption. [Applause.]

Mr. TINKHAM submitted the following resolution, which was referred to the Committee on Rules and ordered to be printed:

Resolution

Whereas certain organizations, foundations, endowments, and associations are attempting by disloyal and seditious propaganda and vast expenditures of money to influence the foreign policy of the United States and have a political platform which is a menace to the independence and neutrality of the United States: Now, therefore, be it

Resolved, That the Speaker is authorized and directed to appoint a select committee, to be composed of five Members of the House, one of whom he shall designate as chairman. The committee is authorized and directed to investigate the political activities of all organizations, foundations, endowments, and associations which have attempted or are attempting to influence political opinion and political action by any means whatsoever, with reference to the foreign policy of the United States.

Said committee shall have the power to subpoena witnesses, administer oaths, send for books and papers, to employ a stenographer, and to report such hearings as may be had on any subject before said committee.

The committee shall, as soon as practicable, report to the House the results of its investigation, together with such recommendations for legislation as it deems advisable.

Mr. LUDLOW. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, there has recently been much discussion in reference to the Federal Farm Board. To my mind, there is great danger that Congress may make a mistake if this agency is destroyed without retaining some agency to act along the line covered by it.

While I sincerely feel that the Federal Farm Board has rendered a real service to the farmers of this country, I never have believed that the Farm Board act was anything like perfect. My mind has not been changed with reference to this matter. I am not a new convert to the idea that this agency can not function effectively in the matter of elevating and stabilizing the prices of farm products. When the Federal Farm Board act was passed several years ago, I stated that it would be a failure; that failure was written on its every page because it did not provide for an effective control of production and marketing so as to elevate and stabilize the price of cotton, tobacco, wheat, and other agricultural commodities.

I feel that Congress is much more to blame for the failures of the Farm Board than are the members of the Farm Board. I did not feel at the time the bill was enacted that it would give the relief that both the Democratic Party and the Republican Party had promised the farmers of the Nation. I shall be very much disappointed if this Congress or the next Congress repeals the act outright and admits that nothing can be done along these lines for the farmers of the country.

Most of the opposition to the Federal Farm Board comes from those who oppose any sort of control of the marketing activities of the farmer so that the profiteers may exploit the farmer and make unconscionable profits out of the farmer's products.

I can see no reason why the activities of the Federal Farm Board should be transferred to the Department of Agriculture. I am afraid of the centralization in any one department or any one bureau of too much political power. This is one serious objection to the allotment plan of farm relief as it passed the House. I would rather the Federal Farm Board be retained and for the act to be modified so as to overcome the vicious provisions of the act, if there are such, and thus perfect the legislation so as to make it a real agency for the protection and benefit of the farmers of the country.

The opponents of real farm relief will hail as a signal victory the repeal of the Farm Board act. No great piece of legislation is perfect in the beginning; the Federal Farm Board act is not an exception. I have repeatedly pointed out how this act can be amended so as to become a real Federal agency for genuine farm relief. It should not be repealed outright unless simultaneously there is enacted a better bill, providing a more perfect farm-relief program.

No Member of Congress has the right to fight the present Farm Board act in the name of the farmer unless he has a better plan to suggest in its stead. In its present form it is much better than the equalization-fee plan which it superseded. The defects in the operation of the present Farm Board plan should not be construed as an estoppel against the enactment of real, honest-to-goodness farm-relief legislation.

Let us not be too hasty to destroy this act unless we have a more perfect plan to propose for the relief of the farmers of our country.

Mr. SANDLIN. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I want to compliment my friend from Mississippi [Mr. WHITTINGTON] on the good work that he is attempting to do in this session for economy. I am sure that we will all go along with him on any proposition which he has to offer which begins up at the topnotchers and goes down, and I believe that he would help us get more support for economy if he would watch his own votes a little more closely and see that they are always in accord with the efforts being made for economy. I am afraid that my friend is expending too much of his energy and endeavors to save at the spigot and waste at the bung hole. He must stop the big waste as well as the little extravagances.

If we were to eliminate all of our salaries for all of the 435 Members of the House, so that no Member would draw a dollar, and if we were to take away every bit of the mileage that Members get, so that they would get no mileage,

and if we were to take away all of the clerk hire, so that we would have no clerks, and if we were to take away all of the stationery allowance, so that no Member would have any, and stop every bit of the maintenance expense of the House Office Building, does he know how much we would save? Just six and a half million dollars, for all of the above, I will advise him, amounts to less than six and a half million dollars.

I happen to remember that last May on this floor we tried to get our friend from Mississippi [Mr. WHITTINGTON] to go along with us in support of the economy bill that the Economy Committee had worked out to save millions of dollars. For instance, there was a provision in that bill, section 308, to discontinue the Army Transport Service, upon which some Representatives and Senators ride. We wanted to abolish it and save money, and to my great surprise my friend from Mississippi [Mr. WHITTINGTON] voted against abolishing it. He voted against the Economy Committee's provision on that, and then when we came down to paragraph 309, directing the Secretary of the Navy to discontinue the operation of the Navy transport service, upon which some Senators and Representatives ride to foreign countries, to my great surprise my friend Mr. WHITTINGTON, who I thought would go along with us for economy, voted not to discontinue it, voted to keep it on, and he helped to defeat the Economy Committee on that provision of our bill.

Then we came along down to section 312 of that economy bill directing that the Panama Railroad Co. shall discontinue the operation of the Panama Railway Steamship Line, which takes some Representatives and some Senators, and their families, to Panama. I thought surely that he would be with us and stop that, but he was not. He voted against us on that, and helped to defeat the economy bill in that particular. I have never been to Panama yet, and during the 16 years I have been in Congress I have never spent one single dollar of any kind of a junket for myself or any member of my family. I go about the country a lot, but I go at my own expense. I thought Brother WHITTINGTON would surely help us stop that, but he was against us on that economy.

Then I remember that the Economy Committee, headed by my good friend from Alabama [Mr. McDUFFIE], brought in a proposition that I have been working on for 12 years, and which was fostered by our good friend from Tennessee [Mr. BYRNS], to consolidate the Army and Navy, and Mr. BYRNS had evidence before us to show that that consolidation would save, not merely the six and a half million dollars a year, which is the total cost of all 435 Congressmen, but it would have saved \$100,000,000 a year and would have brought about greater efficiency in both our Army and Navy. I said to myself when that record vote came on, on May 3, 1932, that surely my friend WHITTINGTON would help us on that, because surely he is for economy; but he voted with the spenders and the raiders to keep from consolidating the Army and the Navy Departments.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes. If the gentleman has any excuse to offer, now is the time to offer it.

Mr. WHITTINGTON. I say, for the gentleman's benefit, that I made my position known, spoke on the subject, and I made my statement very clear, stating that I was a member of the Committee on Expenditures and that neither Mr. BYRNS nor anybody else proved that there would be any such economy, or any economy except purchases of supplies, which is authorized in the economy bill, for which I voted. I thought from the evidence that the abolition of the transport and railway, urged by the Steamship Trust, would be more expensive to the Government.

Mr. BLANTON. If the gentleman will come to my office when we adjourn, I will convince him in 15 minutes by reliable and decisive data that I have been collecting for 12 years from the Navy and Army experts, that such a sane consolidation would save \$100,000,000 annually for this Nation. And the Economy Committee assured us all that the abolishment of the Army transport service and

abolishing the Navy transport service and abolishing the Panama Steamship Line would all save our Government enormous sums each year. And the Economy Committee tried to abolish these matters of waste and extravagance, but the gentleman voted against the committee's proposals.

I want to go along with my friend on all economies, and I want him to go along with us. What he said here this evening on the floor about the necessity to reduce is the truth. We have to cut down expenses, but we want to begin at the big expenses and reduce them as well as the little infinitesimal bagatelles. If my friend will come to my office and see my files that I have collected on these wasteful and expensive bureaus, scores of them here in Washington that ought to be abolished, and if he would work along that line and help us to abolish them and help us take the waste out of the good ones, we would save another \$100,000,000 every year.

I called attention here the other day to Major Hoffman, in one of the bureaus of the War Department, swiping somebody else's idea on a parachute and developing it and spending thousands of Government dollars, so his company advertises publicly, of Army money to develop it, and of his having been given \$23,500 of stock, and of his company advertising that it has cost the Army thousands of dollars to carry on the company's project, and that they would have his services to help them further. I called attention to that, and I think my friend Mr. WHITTINGTON ought to help us get that stopped.

Then I called attention the other day to these long-haired scientists—and, by the way, do you catch the significance of that phrase, "long-haired scientists"? The real scientist has no hair at all. He is like my other friend from Mississippi [Mr. COLLIER]. The real scientist has no hair at all, but the so-called scientists, these potato scientists, if you please, have long hair. I called attention to the fact that they have spent \$250,000 since 1910 breeding potatoes, and thus far they have developed only one commercially that they would put on the market, and that was the Katahdin. Then they came out the other day in the Washington Star of Wednesday, with a big, double-column explanation in defense of the situation. I want the gentleman from Mississippi [Mr. WHITTINGTON] to take this home with him to his farmers of Mississippi. One of the excuses they put in here to explain that \$250,000 spent for breeding potatoes was this:

Our explorers—

The Department of Agriculture—

Our explorers have been sent into Mexico and South America in a search for the wild ancestor of the potato, in the hope that from it could be obtained some original disease-resistant qualities which have been lost in its countless generations of domesticated descendants.

[Laughter.]

Mr. WHITTINGTON. Is that the same potato or a different potato the gentleman spoke about the other day?

Mr. BLANTON. That is the same potato, that \$250,000 one. What right has the Department of Agriculture to send these long-haired scientists to the wilds of Mexico and South America to hunt up the original wild potato in this time of depression? Spending thousands of dollars! It ought to be stopped. If my friend would work along that line he could do signal service to the people he represents and to the people of the Nation. [Applause.]

In that same Washington Star, I want to show the gentleman what these other scientists, who are always writing letters to the papers from the Department of Agriculture, said. This is a whole-column article. It reads:

Higher grades of bent for greens now developed at the Arlington farm—

That is a Government farm over here in Virginia—350 acres. Listen to what they say the scientists have done for the golf courses of America, breeding special grasses for their golf courses in this time of depression. This is written by W. R. McCallum, one of their special-feature writers:

Did you, Mr. Golfer, know that the course over which you play has been vastly improved by the earnest efforts of a group of

scientists working for golf-course improvement through the Department of Agriculture? * * *

Did you know that Washington is the center, the heart of a mass of scientific information on golf courses? * * *

Or that over in Arlington County, on a little plot of ground owned by the Government, turf and grass problems are being worked out that may result in ridding golf courses of those pests which infest them during the warm months?

Or that more than \$40,000 a year is being spent in research work in the art of turf growing?

Do the farmers of Mississippi, I ask my economic friend [Mr. WHITTINGTON], want \$40,000 of their hard-earned tax money spent each year by these long-haired scientists in the Department of Agriculture developing special turf greens for the golf courses of America? [Applause.]

Mr. LUDLOW. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LUDLOW. Has the gentleman directed his keen and scintillating mind to the Department of Agriculture bulletin on the mule? If not, he has something coming to him.

Mr. BLANTON. I am going to furnish our President elect when he comes here some intimate, concise, authentic, correct data on more wasteful, unnecessary bureaus of the Government than he ever dreamed existed in the United States. I have enough confidence in him to believe he is going to abolish two-thirds of them and he is going to reorganize the balance of them and take the waste out of them. I want to incite my friend from Mississippi [Mr. WHITTINGTON] to use his splendid qualifications here in trying to save the big wastes, in trying to keep out of this Government expense these millions and hundreds of millions of dollars that are wasted here, most of it wasted in Washington.

Let me read a letter that I got from a man who knows. I can not give his name because if I did he would lose his job to-morrow. Just listen to what he says:

Scientists in the Agricultural Department have a pet racket of their own. They write and sell articles to the newspapers. They use Government time and Government stenographers to write those articles. The Agricultural Department has scores of traveling representatives who travel to the South in winter and to Maine and Wisconsin and foreign countries in the summer.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield five additional minutes to the gentleman from Texas.

Mr. BLANTON (continuing reading):

They cost the Government \$5,000,000 annually.

That is more than all the salaries of Congressmen, their mileage, and clerk hire, and stationery allowances all put together. Did the gentleman know that? Most of these scientists of the Department of Agriculture who are wasting the people's money every year are worthless parasites, and their bureaus should be abolished.

In this letter he states further:

When the payless furlough of President Hoover was first inaugurated the Department of Agriculture had scientists sent from Washington and other points on Government transportation and on per diem allowances, to relieve the field scientists, so that they could come to Washington. Their furlough will end in the taxpayers losing money.

Let me say in conclusion I want to work with my friend from Mississippi [Mr. WHITTINGTON], and if he will just let me help him we can save at least \$200,000,000 in the next Congress. That is a pretty good sum. If he will fight and vote to stop the big wastes as well as against the small items, we can save millions, for all of us want to cut down these expenses, and we will do it.

Let me call attention to the most ridiculous situation that ever existed in the the United States Capital.

We have 15,000,000 Americans in the United States out of employment, walking the streets, their families, wives, and little children hungry. They would be glad to get a job here at \$2 a day, yet we have several thousand employees in Washington working on Government buildings who, because they have been served with notice that their wages were going to be cut from \$11 a day to \$8 per day, are going to strike. They all quit work at 4 o'clock p. m., and all get half of every Saturday. I have a good deal of sympathy

with those with whom these contractors have already contracted with the Government on a basis of that \$11 a day. The contractors in such cases should be made to pay them \$11 a day, because they were allowed that by the Government. I would back them up in making the contractors stand up to the lick log and take their medicine, but where it is to come out of the Government it is an outrage to pay men in Washington \$11 a day when other men here will gladly work for \$8, and men all over the Nation would be glad to get work at almost any wage.

Why, the Inaugural Committees are building some grandstands here for the inaugural ceremonies. Several hundred men are to be employed. Do you know they want to work for \$8 a day? Do you know that this money comes out of the Government and out of the people of Washington? Do you know there are organizations right now that are preventing these men from taking jobs at \$8 a day, insisting that they must demand and receive \$11 a day for building grandstands out of third-class lumber? Any farm boy out on your farm, in your State, Governor, who is a saw-and-hammer man could build these stands. Any saw-and-hammer man on any ranch or farm in the United States could build them. It does not take skilled labor, and it is an outrage for organizations here to insist on men getting \$11 a day to build grandstands, the cost coming out of the people. The organizations should be glad to see the men get \$8. I want to say this to the men who have it in charge: Every single man who refuses to work at \$8 a day ought not to get a job. He ought to be turned out, because there are hundreds of men who would gladly take jobs at \$8 a day.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. ALLGOOD. I wish to commend the gentleman for the stand he has taken in regard to appropriations for the Department of Agriculture. When the agricultural appropriation bill was before the House, I offered amendment after amendment to cut down those expenditures that are not needed at this time and right along the line the gentleman has been speaking of. I commend him for it.

Mr. BLANTON. I thank my colleague for his commendation—the newspapers here never give me any. I want to say this to Brother BOYLAN—you will be here probably when I am dead and gone—when I am dead do not let a single newspaper say a kind word about me. If they can not say kind words about me when I am alive, I do not want them to say kind words about me when I am dead.

Mr. BOYLAN. I do not see how they could say anything but kind words about the gentleman.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Clerk will read the bill for amendment.

The Clerk read the first paragraph of the bill.

Mr. SANDLIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes, had come to no resolution thereon.

TERMS OF PRESIDENT, VICE PRESIDENT, AND SO FORTH

The SPEAKER laid before the House a communication from Eugene Talmadge, Governor of the State of Georgia, announcing that the General Assembly of Georgia had ratified and approved the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LOZIER, for two days, on account of important business.

To Mr. BIDDLE, for two days, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 13959. An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding \$100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

ADJOURNMENT

Mr. SANDLIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 46 minutes p. m.) the House adjourned until to-morrow, Saturday, February 4, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, February 4, 1933, as reported to the floor leader:

RULES

(10.30 a. m.)

Hearing on extending moratorium on New Mexico irrigation project.

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Continue hearings on silver bills.

BANKING AND CURRENCY

(10.30 a. m.)

Hearings on several matters.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

911. A communication from the President of the United States, transmitting a letter for the consideration of Congress and, without revision, a supplement estimate of appropriation pertaining to the legislative establishment, House of Representatives, in the sum of \$2,500 (H. Doc. No. 537); to the Committee on Appropriations and ordered to be printed.

912. A letter from the Reconstruction Finance Corporation, transmitting a report, pursuant to the provisions of section 15 of the Reconstruction Finance Corporation act, covering its operations for the fourth quarter of 1932, October 1 to December 31, 1932, inclusive, and for the period from the organization of the corporation on February 2, 1932, to December 31, 1932, inclusive (H. Doc. No. 538); to the Committee on Banking and Currency and ordered to be printed.

913. A letter from the Secretary of the Treasury, transmitting a letter with a draft of a proposed bill, the purpose of which is to authorize the Secretary of the Treasury to accept titles to any sites acquired under the provisions of the emergency relief and reconstruction act of July 21, 1932, and subsequent acts; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SANDLIN: Committee on Appropriations. H. R. 14562. A bill making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 1960). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 12769. A bill to provide an additional authorization for the acquisition of land in the vicinity of Camp Bullis, Tex.; without amendment (Rept. No. 1961). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULLER: Committee on the Public Lands. H. R. 14302. A bill to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes; with amendment (Rept. No. 1962). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALMON: Committee on Public Buildings and Grounds. H. R. 14321. A bill to authorize the Secretary of the Treasury, in his discretion, to acquire a new site in Huntsville, Ala., and to construct a building thereon for the accommodation of the courts, post office, and other Government offices; without amendment (Rept. No. 1963). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. House Joint Resolution 583. Joint resolution to provide for a change of site of the Federal building to be constructed at Binghamton, N. Y.; without amendment (Rept. No. 1964). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALMON: Committee on Roads. H. R. 13025. A bill to extend the time during which the emergency appropriation for Federal-aid highways shall be available for expenditure; without amendment (Rept. No. 1971). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 14489. A bill relating to the construction of a Federal building at Mangum, Okla.; without amendment (Rept. No. 1972). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MARTIN of Oregon: Committee on Irrigation and Reclamation. H. R. 14127. A bill providing for an exchange of lands between the Colonial Realty Co. and the United States, and for other purposes; without amendment (Rept. No. 1965). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 5900. A bill for the relief of H. A. Soderberg; with amendment (Rept. No. 1966). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6126. A bill for the relief of Oscar P. Cox; with amendment (Rept. No. 1967). Referred to the Committee of the Whole House.

Mr. PITTINGER: Committee on Claims. H. R. 10900. A bill for the relief of Julia E. Smith; with amendment (Rept. No. 1968). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 13292. A bill for the relief of W. C. Garber; with amendment (Rept. No. 1969). Referred to the Committee of the Whole House.

Mr. PITTINGER: Committee on Claims. H. R. 14347. A bill for the relief of Mary Byrket Sink; with amendment (Rept. No. 1970). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SANDLIN: A bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. SMITH of Idaho: A bill (H. R. 14563) amending an act of February 4, 1931 (46 Stat. L. 1061-1063), entitled "An act authorizing the construction of the Michaud division of the Fort Hall Indian irrigation project, Idaho, an appropriation therefor, and the completion of the project, and for other purposes"; to the Committee on Indian Affairs.

By Mr. HARE: A bill (H. R. 14564) relating to the enactment of laws in the Virgin Islands; to the Committee on Insular Affairs.

By Mr. BUCHANAN: A bill (H. R. 14565) to enable the Secretary of Agriculture to assist in effecting voluntary readjustments of farm-mortgage terms and conditions; co-operate with other Government agencies in refinancing farm-mortgage indebtedness, delinquent interest, and tax payments; and to provide facilities with which to refinance such indebtedness; and for other purposes; to the Committee on Banking and Currency.

By Mr. MEAD (by request): A bill (H. R. 14566) to authorize the delivery of surplus forfeited vessels of the Treasury Department to the Boy Scouts of America for use in sea-scout training; to the Committee on the Judiciary.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 14567) to reduce and adjust the retired pay of World War emergency officers and of commissioned officers of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H. R. 14568) to establish a commercial airport for the District of Columbia; to the Committee on the District of Columbia.

By Mr. DAVIS of Tennessee: A bill (H. R. 14569) to regulate the importation of milk and cream and milk and cream products into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health; to the Committee on Agriculture.

By Mr. TINKHAM: Resolution (H. Res. 368) providing for the investigations of the political activities of all organizations, foundations, endowments, and associations which attempt to influence political opinion and political action with reference to the foreign policy of the United States; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial from the Board of Aldermen, St. Louis, Mo., memorializing the President of the United States and Congress that the Postmaster General be authorized to issue a special series of 3-cent postage stamps commemorative to Brig. Gen. Thaddeus Kosciuszko; to the Committee on the Post Office and Post Roads.

Memorial from the General Assembly of Indiana, memorializing Congress to pass Senate bill No. 1197; to the Committee on Banking and Currency.

Memorial from the Senate of South Carolina, memorializing Congress to amend the law creating the Reconstruction Finance Corporation in order that States and subdivisions thereof may borrow directly money to meet the need of the said States and subdivisions thereof; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of California: A bill (H. R. 14570) for the relief of Evelyn Jotter; to the Committee on Claims.

By Mr. HART: A bill (H. R. 14571) for the relief of Frank P. Church; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 14572) for the relief of Fanny Reuter Shafer; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 14573) for the relief of Esther Fountain; to the Committee on Claims.

By Mr. RAGON: A bill (H. R. 14574) for the relief of Alpha Vint; to the Committee on Claims.

Also, a bill (H. R. 14575) for the relief of C. C. Young; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 14576) authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif.; to the Committee on Military Affairs.

By Mr. STALKER: A bill (H. R. 14577) granting an increase of pension to Fannie R. Saylor; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 14578) granting a pension to Nannie E. Bass; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10152. By Mr. CROWTHER: Petition of citizens of the thirtieth congressional district of New York, urging passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

10153. Also, petition of citizens of Schenectady, N. Y., protesting against reduction of the enlisted strength of the United States Marine Corps; to the Committee on Appropriations.

10154. Also, petition of residents of the District of Columbia, opposing the repeal of the eighteenth amendment and opposing the return of the liquor traffic in the District of Columbia in any form; to the Committee on the District of Columbia.

10155. By Mr. CULLEN: Petition of the board of direction of the American Society of Civil Engineers, urging the President and the Congress of the United States to amend Title II of the emergency relief and construction act of 1932; to the Committee on Ways and Means.

10156. By Mr. DELANEY: Petition of the Monterey Sardine Cannery Association, Monterey, Calif., urging the passage of House bill 13999; to the Committee on Ways and Means.

10157. Also, petition of the American Society of Civil Engineers, recommending that Title II of the emergency relief and construction act of 1932 be amended, modifying and removing some of the restrictions of the act, thereby giving more power to the directors of the Reconstruction Finance Corporation; to the Committee on Ways and Means.

10158. By Mr. HUDDLESTON: Petition of numerous residents of the District of Columbia, opposing the sale of liquors in the District; to the Committee on the District of Columbia.

10159. By Mr. PATMAN: Petition of Mary E. Gordon and 216 other residents of the District of Columbia, opposing the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10160. By Mr. EVANS of Montana: Senate Joint Memorial No. 1 of Montana's Twenty-third Legislative Assembly, being a memorial to the Interstate Commerce Commission of the United States, advocating a reduction of freight rates on gasoline from midcontinent points to Montana Points; to the Committee on Interstate and Foreign Commerce.

10161. By Mr. FITZPATRICK: Petition of Westchester County (N. Y.) District Council, United Brotherhood of Carpenters and Joiners of America, urging the passage of legislation to protect interstate protection of a 6-hour day, 30-hour week; to the Committee on Labor.

10162. By Mr. GLOVER: Petition of Woman's Christian Temperance Union of the District of Columbia; to the Committee on the District of Columbia.

10163. By Mr. JENKINS: Petition signed by about 204 residents of the District of Columbia, protesting against the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10164. By Mr. LAMBERTSON: Petition of the Woman's Temperance Union of Everest, Kans., signed by its president, Mrs. W. J. Miller, and its secretary, Mamie Eyer, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10165. By Mr. KNIFFIN: Petition of the Woman's Christian Temperance Union of Grover Hill, Ohio, signed by its president, Mrs. S. B. Gauvey; W. A. Piper, pastor Grover Hill Methodist Episcopal Church; and G. L. Mericle, superintendent Grover Hill Methodist Episcopal Sunday School, opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

10166. By Mr. LAMBERTSON: Petition signed by Rev. W. S. Abernethy, of Washington, D. C., together with 202 other petitioners, praying that there shall not be any return of the liquor traffic in any form in the Nation's Capital; to the Committee on the Judiciary.

10167. By Mr. LINDSAY: Petition of Monterey Sardine Cannery Association, Monterey, Calif., favoring House bill 13999; to the Committee on Ways and Means.

10168. Also, petition of American Society of Civil Engineers, New York City, recommending modification in Title II of the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

10169. By Mr. LAMBERTSON: Petition of the Lottie A. Case Woman's Christian Temperance Union, of Topeka, Kans., signed by its president, Mrs. H. W. Bomgardner, and its secretary, Mrs. P. N. Franzen, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10170. By Mr. McFADDEN: Petition of 170 citizens of the District of Columbia, presented by Jennie Bailey Wadleigh, president, and Izora Scott, legislative director, Woman's Christian Temperance Union of the District of Columbia, opposing the return of beer, the repeal of the eighteenth amendment, and the return of the liquor traffic in the District of Columbia in any form whatever; to the Committee on the District of Columbia.

10171. By Mr. REILLY: Joint resolution of the Legislature of Wisconsin, relating to the 5-cent glass of pure beer, expected and desired by the citizens of Wisconsin; to the Committee on Ways and Means.

10172. By Mr. RUDD: Petition of the board of directors, American Society of Civil Engineers, New York City, favoring certain amendments to Title II of the emergency relief and construction act; to the Committee on Banking and Currency.

10173. By Mr. SPARKS: Petition of the citizens of Ionia, Esbon, Mankato, and Jewell, Kans., submitted by W. H. Loomis, of Ionia, Kans., and signed by 36 others, favoring the passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

10174. Also, petition of the citizens of Downs, Kans., submitted by Mrs. John Schweitzer and Mabel L. Plumer, and signed by 121 others, favoring the Sparks-Capper stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

10175. Also, resolution of the Woman's Home Missionary Society of Beloit (Kans.) Methodist Episcopal Church, submitted by Minnie M. Sorensen and Mabel Fulton, and sanctioned by all the members of the society, favoring Federal supervision over the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10176. By Mr. SPENCE: Petition in the nature of a resolution of the mayor and Board of Council of Georgetown, Ky., favoring the revision of Senate bill 36, so as to remove restrictions against using Federal money on municipal streets

where the streets are a part of the Federal system of roads; to the Committee on Roads.

10177. By Mr. STALKER: Petition of Rev. William H. Perry and 50 members of the Union Presbyterian Church at Almond, N. Y., urging support of the stop-alien representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

10178. Also, petition of the members of the Woman's Christian Temperance Union of Washington, D. C., opposing the return of beer and the liquor traffic in the District of Columbia in any form whatever, as well as repeal of the eighteenth amendment; to the Committee on the District of Columbia.

10179. Also, petition of Mrs. G. F. Roody, secretary of the White Bible Class of the First Methodist Episcopal Sunday School of Corning, N. Y., opposing the return of beer and repeal of the eighteenth amendment; to the Committee on Ways and Means.

10180. By Mr. STRONG of Pennsylvania: Petition of the citizens of Hallton, Pa., favoring the proposed amendment to the Constitution of the United States to exclude aliens, and count only American citizens, when making future congressional apportionments; to the Committee on the Judiciary.

10181. By Mr. SWICK: Petition of Mrs. Fred Pryor, Rose Point, Lawrence County, Pa., and 38 other residents of that vicinity, urging the retention and enforcement of all laws to safeguard the sanctity of the Sabbath; to the Committee on the Judiciary.

10182. Also, petition of Rev. Bertrand Brookman and 36 members of St. Fidelis Seminary, Capuchin Fathers, Herman, Butler County, Pa., urging revaluation of the gold standard, curtailment of financial abuses of international bankers, and mass production; to the Committee on Banking and Currency.

10183. By Mr. WOOD of Indiana: Petition signed by residents of the second congressional district, State of Indiana, urging that the eighteenth amendment be not modified or repealed; to the Committee on the Judiciary.

SENATE

SATURDAY, FEBRUARY 4, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 13959) to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding \$100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. COPELAND obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I do.

The VICE PRESIDENT. The clerk will call the roll.